



Daily Report

East Asia

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Japan

Garten Influence on Tokyo Trade Policy Assessed

OW2501143895 Tokyo SHUKAN DAIYAMONDO in Japanese 28 Jan 95 p 20

[Unattributed article]

[FBIS Translated Text] Changes are occurring in the Clinton administration, which has just had a round of the Japan-U.S. summit with Prime Minister Tomiichi Murayama, which may have subtle influence on U.S. relations with Japan.

Deputy U.S. Trade Representative [USTR] Charlene Barshefsky, who has been in charge of the Clinton administration's trade policy toward Japan, will no longer take charge of Japan, and Ira Shapiro, legal counsel at the Office of the USTR who is one rank lower than Barshefsky, will succeed her in this job. With this, there will be a dramatic rise in the influence of Jeffrey Garten, under secretary of commerce for international trade.

Furthermore, rumors have it that Bowman Cutter, deputy assistant to the President in charge of the National Economic Council (NEC), will resign shortly. Thus, Garten will become the most influential bureaucrat.

Who is this Mr. Garten? In the area of economics, he has experience both in the financial sector and the academe, and has also lived in Japan for some time. His book on post-Cold War international politics and economics, "Cold Peace" has been translated into Japanese.

The prevailing view is that with regard to trade policy toward Japan, Garten is a middle-of-the-roader among the subministerial-level bureaucrats, taking a position between the extremes of hardliner Barshefsky and moderate Cutter. That is, he is a pragmatist who would seek as much tangible results as possible, and is believed to be inclined to avoid "futile debates" on numerical targets and objective criteria in the Japan-U.S. economic framework talks.

According to a U.S. Government source, there are two main points in Garten's demands from Japan.

First, negotiations on automobiles and auto parts should be concluded as soon as possible, and to achieve that, Garten believes that it will be indispensable for the Japanese carmakers to expand their program for purchasing foreign-made parts.

With regard to this demand, the Japanese side has insisted that, "The government cannot deal with issues outside its jurisdiction," (according to the Ministry of International Trade and Industry). It is said that Garten will take the "forbidden step" of negotiating not with the Japanese Government, but talking directly to Japanese companies. If this comes to pass, the negotiations will

face a completely unprecedented situation, and thus, the results will be totally unpredictable.

Second, Garten will demand that there should be even greater transparency in the bidding procedures to enable U.S. companies to participate in the Japanese Government's yen loan projects. At present, U.S. companies receive around 5 percent of the orders. It is believed that Garten intends to increase this ratio, and use this as a stepping stone to promoting U.S. companies' exports to Asia.

However, the Japanese Government maintains that, "The bidding procedures are already quite fair and transparent; there is no need for any further improvements." It seems that Garten is prepared to resort to all necessary means to counter this. There are already disquieting reports making the rounds that, "In order to apply pressure on the Japanese Government, the U.S. Government is actively digging into 'dango' [bid-ridding] scandals involving Japanese companies to show the world the unfairness of bidding in yen loan projects."

In any case, Garten's moves to launch an offensive on automobiles and yen loan projects need to be watched closely.

MITI To Warn U.S. on Auto Trade Principles

OW2601102395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jan 95 Morning Edition p 4

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] plans to warn the U.S. Government that its "direct demand on Japanese automakers for expanded purchase of U.S.-made auto parts could infringe on the national treatment principle, which rules out discriminatory treatment between foreign and domestic companies." MITI will convey the warning to U.S. officials during the next round of auto and auto parts negotiations in Washington, which start 26 January. Japan and the United States have agreed not to discuss the auto parts issue at government-level negotiations, but MITI wants to warn the United States not to tout U.S. parts using Super 301 sanctions and other threats.

During the two-day talks, Yoshihiro Sakamoto, MITI deputy vice minister, and Masahide Ochi, transport deputy vice minister, will meet Jeffrey Garten, U.S. commerce undersecretary for international trade. To resume the auto talks deadlocked last October, Japan and the United States agreed not to 1) demand numerical targets or 2) discuss issues beyond the government's control.

Therefore, the 26 January negotiation will not handle Japanese automakers' purchase of U.S.-made auto parts while U.S. interest remains high on the issue. The U.S. Government plans to dispatch Garten to Japan next month to directly demand automakers expand their parts procurement from the United States.

MITI sees no problem in the U.S. Government's direct contacts with automakers. However, asking only Japanese automakers to buy more U.S.-made parts is a form of "discriminatory treatment against Japanese automakers," which goes against the national treatment principle. Judging from the U.S. attitude in past negotiations, MITI is wary of "possibilities of compulsive demands" on Japanese automakers.

The national treatment principle is to give equal treatment and rights to both foreign and domestic companies and products. As a basic foundation of international agreements, the principle is incorporated in various bilateral agreements including the Japan-U.S. Treaty on Friendship, Trade, and Voyage. Moreover, it is clearly noted in the GATT and the World Trade Organization (WTO) agreement.

The upcoming auto negotiations are also scheduled to discuss such issues as deregulation of restrictions on auto replacement parts and expansion of auto dealer networks handling foreign cars.

Reportage on 25 Jan Auto Trade Negotiations

MITI Vice Minister Leads Talks

OW2501234595 Tokyo KYODO in English 2311 GMT
25 Jan 95

[By Antonio Kamiya]

[FBIS Transcribed Text] Washington, Jan. 25 KYODO—Japan and the United States resumed negotiations on autos and auto part trade Wednesday [25 January] after a four-month break and a senior U.S. official predicted the talks would get off to a slow start.

Japan has changed its cast of principal negotiators after the auto talks broke off last October, and the two sides started off the first day of talks in what officials characterized as a get-acquainted session.

"These discussions are likely to get off to a much slower start because the participants are new," a senior U.S. official said.

Heading the Japanese team is Yoshihiro Sakamoto, new vice minister of international trade and industry [MITI—Ministry of International Trade and Industry] for international affairs, who has taken over his predecessor Sozaburo Okamatsu's job as the chief Japanese negotiator.

Japan has also sent Vice Transport Minister Masahide Ochi to this week's talks in Washington, an indication that the negotiations will focus as much on trade issues as on issues of standards and auto safety regulations in Japan.

Sitting across the table will be Undersecretary of Commerce Jeffrey Garten, the lead U.S. negotiator on auto trade with Japan over the past two years.

A significant portion of the 172 billion dollar two-way trade between the world's two largest economies is riding on the negotiations.

Trade in autos and auto parts accounts for nearly 60 percent of the estimated 62.7 billion dollar trade deficit the U.S. posted with Japan last year, and U.S. data project that the auto trade gap is likely to widen next year.

While U.S.-made autos have shown impressive gains in the Japanese market last year, U.S. officials argue that there is plenty of room for Japan to expand foreign sales by easing government regulations and cracking down on "anticompetitive" business practices in the Japanese auto industry.

"There is tremendous scope for more openness in the Japanese market," a senior U.S. official told reporters Wednesday on condition that he is not named.

The current round of talks in Washington, which started one day early, is scheduled to last through Friday.

Japanese and U.S. officials say the talks will cover three major areas—easing Japanese regulations on the use of replacement car parts, purchase of U.S.-made parts by Japanese car makers, and access of foreign car manufacturers to the Japanese auto distribution system.

U.S. officials also listed antitrust enforcement, auto standards and certification, and Japanese import promotion as areas of interest to the United States.

The major sticking point in previous negotiations has been differences over measuring the openness of the Japanese market, the hotly disputed provision in the "framework" accord Tokyo and Washington concluded in 1993.

"For us, a very key element of any agreement will be the ability to measure results," the senior U.S. official said.

After two years of on-again, off-again negotiations, "we have yet to determine exactly what the criteria will be," the official said.

While both sides insist they have set no deadline for the talks, the U.S. Government has until the end of September to complete an official investigation into Japan's replacement market for auto parts.

The so-called "Section 301" trade probe could trigger U.S. sanctions unless a settlement is reached by the Sept. 30 deadline.

The United States is also counting on Japanese automakers to come up with a new "voluntary" purchase plan for foreign auto parts to replace a three-year purchase program that is set to run out by the end of March.

Another possible deadline faced by U.S. and Japanese negotiators is July 10, the date when the 1993 framework accord concludes its two-year term.

Agreement Reached on Agenda

OW2601031295 Tokyo KYODO in English 0157 GMT
25 Jan 95

[By Antonio Kamiya]

[FBIS Transcribed Text] Washington, Jan. 25 KYODO—Japan and United States on Wednesday [25 January] established an agenda for the high-level talks on autos and auto parts trade that are expected to run through Friday.

"We have reached agreement on what will be on the table," said Japan's new Vice Minister of International Trade and Industry [MITI—Ministry of International Trade and Industry] Yoshihiro Sakamoto after emerging from the opening session.

Sakamoto said the two sides agreed to focus on three areas of auto trade when full-fledged negotiations begin Thursday.

Those areas include easing Japanese regulations on the use of replacement car parts, purchase of U.S.-made parts by Japanese car makers, and access by foreign car manufacturers to the Japanese auto distribution system.

U.S. officials also listed antitrust enforcement, auto standards and certification, and Japanese import promotion as areas of interest to the United States.

Sakamoto, who has taken over from Sozaburo Okamatsu as the chief Japanese negotiator, said he has no idea when the two sides will wrap up the knotty trade talks that have dragged on for two years. The current round is the first since talks broke down last October.

U.S. officials, meanwhile, predicted a slow start with a new cast of Japanese negotiators.

"These discussions are likely to get off to a much slower start because the participants are new," said a senior U.S. official prior to Wednesday's meeting, a brief session that lasted less than an hour.

Apart from Sakamoto, Japan has also sent Vice Transport Minister Masahide Ochi to this week's talks in Washington, an indication that the negotiations will focus as much on trade issues as on issues of standards and auto safety regulations in Japan.

Sitting across the table is Undersecretary of Commerce Jeffrey Garten, the lead U.S. negotiator on auto trade with Japan over the past two years.

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While U.S.-made autos have shown impressive gains in the Japanese market last year, U.S. officials argue that there is plenty of room for Japan to expand foreign sales by easing government regulations and cracking down on "anticompetitive" business practices in the Japanese auto industry.

"There is tremendous scope for more openness in the Japanese market," a senior U.S. official told reporters Wednesday on condition that he is not named.

The major sticking point in previous negotiations has been differences over measuring the openness of the Japanese market, the hotly disputed provision in the "framework" accord Tokyo and Washington concluded in 1993.

"For us, a very key element of any agreement will be the ability to measure results," the senior U.S. official said.

After two years of negotiations, "we have yet to determine exactly what the criteria will be," the official said.

While both sides insist they have set no deadline for the auto talks, the U.S. Government has until the end of September to complete an official investigation into Japan's replacement market for auto parts.

The so-called "Section 301" trade probe could trigger U.S. sanctions unless a settlement is reached by the Sept. 30 deadline.

The United States is also counting on Japanese automakers to come up with a new "voluntary" purchase plan for foreign auto parts to replace a three-year purchase program that is set to run out by the end of March.

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Editorial Previews Negotiations

OW2501150095 Tokyo YOMIURI SHIMBUN in
Japanese 25 Jan 95 Morning Edition p 3

[Editorial: "What We Hope for on the Resumption of Auto Negotiations"]

[FBIS Translated Text] Negotiations on automobile and auto parts under the Japan-U.S. economic framework talks will resume for the first time in about four months.

Negotiators from the two countries will focus on three topics: 1) the relaxation of regulating the Japanese replacement auto parts market; 2) the expansion of opportunities for Japanese firms to purchase foreign-made auto parts at home and abroad; and 3) the expansion of Japan's imports of finished automobiles.

Both Japan and the United States have already agreed that they will not discuss setting any numerical targets and exclude matters beyond the governments' reach from discussions in the negotiations. The negotiators

also will focus their discussions on how to relax Japanese replacement auto parts market regulations.

The automobile and auto parts sector is one of the sectors that, at the 1993 Japan-U.S. summit, leaders of the two countries agreed to give priority to their settlement, but the sector still remains unsettled.

The Japan-U.S. negotiations on deregulation and competitive policies, which began last fall, are now entering the final stage.

Japan should seek to strike deals with the United States in ways that benefit the Japanese economy and consumers by promoting those negotiations in parallel with a five-year plan for the promotion of deregulation that the government is set to draw up by the end of March this year.

Japan's imports of cars from the United States and other nations are largely growing. The 1994 sales of foreign-built automobiles in Japan jumped about 50 percent over a year ago, registering a record 300,000 units. The amount of American-made auto parts purchased by 11 Japanese automakers in 1994 is expected to exceed their voluntary purchase target of \$19 billion.

The November trade statistics released last week by the U.S. Commerce Department in response to those moves showed the first-ever 7-percent fall in Japan's trade surplus with the United States. Signs are seen of a change in the Japan-U.S. trade imbalance.

At a news conference held shortly after the latest Japan-U.S. summit, President Clinton showed his favoring this trend by saying: "I believe that if the Japanese economy grows at the same pace as that of the United States, the U.S. trade deficit with Japan would be reduced."

We hope that both Japan and the United States will spur moves to correct their trade imbalance by quickly striking a deal in the automobile and auto parts sector negotiations, work to make certain a change in the U.S. administration's stance on Japan, and work to develop their bilateral relations in broad ways as the leaders of the two countries agreed to do at their latest summit.

At the present stage, Japan-U.S. economic relations do not warrant unqualified optimism. The U.S. trade deficit with Japan in 1994 is certain to exceed that country's all-time high deficit in 1993. The President has pointedly stated: "The bilateral automobile and auto parts trade accounts for three-quarters of the total U.S. trade deficit with Japan and it is impossible to resolve the issue of the U.S. trade deficit with Japan unless the automobile and auto parts trade imbalance is corrected."

With regard to the Japanese automakers' voluntary purchase target of American-made auto parts, the U.S. administration and the auto parts industry are showing a posture of directly pressing each Japanese automaker for a large increase in its imports of American-made auto parts.

It is not undesirable at all that the governments and automobile and auto parts industries of Japan and the United States have a forum for discussions. It can be said that it is rather desirable if they use the forum as a venue to hold forthright discussions and deepen their mutual understanding for the solution of bilateral trade issues.

The U.S. administration and auto parts industry appear to be moving to use the forum as a venue to force Japan to pledge to a commitment like numerical targets. These moves would only serve to nip the bud of a desirable change taking place in Japan-U.S. economic relations.

We urge both Japan and the United States to hold discussions in intergovernmental negotiations while respecting each other's independent judgment and efforts.

Tokyo Wary of Monitoring Foreign Firms' Sales

OW2501145995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Jan 95 Morning Edition p 5

[FBIS Translated Text] On 24 January, it was revealed that the U.S. Government has urged the Japanese Government to regularly monitor changes in business performances of foreign-affiliated companies in Japan so as to survey the amount of foreign investments in Japan. The United States made this proposal at the bilateral framework talks on investment held in Washington 18-19 January. It has also demanded to monitor the Japanese Government's support, such as the amount of loans the Japan Development Bank [JDB] will provide foreign-affiliated companies. Japan has been strongly wary of the U.S. demands, saying, "such action might be considered objective criteria that could lead to a pledge of market-share increase."

In the negotiations, the U.S. Government presented Japan with 53 demands in seven areas, such as implementation of financial aid, preferential taxation, deregulation, and policies concerning real estate dealings and labor. The United States first explained details of its demands, such as expansion of objects of loans so that the JDB can provide funds for companies merger and acquisition (M&A) plans and their operating funds. It is said that the United States then proposed a plan to monitor investment performance.

According to an official concerned, the United States urged monitoring these two matters: 1) business trends of private companies, such as sales, and the number of foreign-affiliated companies; and 2) expansion of political support, including financial aid, and preferential taxation for those companies. Japan refrained from giving a clear answer for fear that if business performance grows lower than U.S. expectations, the United States would strengthen individual demands, and urge Japan to guarantee future growth rates.

Tokyo, U.S. Confirm Agreements on Glass Talks

OW2601045295 Tokyo KYODO in English GMT 26 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 26 KYODO—Japanese Ambassador to the United States Takakazu Kuriyama and U.S. Trade Representative Mickey Kantor have exchanged notes in Washington to confirm agreed points in bilateral trade talks on flat glass, Japanese Government officials said Thursday [26 January].

The notes confirm the two countries have agreed to monitor the volume, value and market share of imported glass on the Japanese market, the officials said.

Also included in the notes is that Japan will use multi-paned glass for public buildings such as post offices, hospitals and schools from fiscal 1995 that starts April 1.

Multipaned glass is less breakable than single-pane glass, and U.S. manufacturers are considered to be competitive in its manufacture. Japan requires the use of multipaned glass for automobiles, and will expand its required use to public buildings under the agreement.

The officials said the two countries agreed to hold annual meetings until the end of 1999 to check the progress.

U.S. Trade Friction, Regionalism Discussed

952A0222A Tokyo THIS IS YOMIURI in Japanese Dec 94 pp 188-197

[Article by Keio University Professor Heizo Takenaka]

[FBIS Translated Text] We Are Now Entering the Age of Strategic Multilateralism...

One year and three months of Japan-U.S. economic framework talks finally came to a settlement barely in time for the end-of-September deadline for imposition of sanctions by the United States. Japan made concessions in the area of government procurement which was one of the priority sectors, and clear-cut numerical goals were avoided in the area of "objective numerical values" which had assumed the appearance of a theological dispute. There are isolated problem areas, such as the applicability of Section 301 on some automotive parts, but most sources welcome the recent settlement in that, as a whole, Japan and the United States were able to avoid a total collapse of the talks.

However, if we were to take a sober look, despite major coverage by the mass media, it could be said that circumstances existing on both Japanese and U.S. sides precluded a final outcome different from the recent vague settlement. To begin with, the Japanese and U.S. economies are now deeply integrated and Japan-U.S. economic relations are running smoothly from an overall viewpoint. From the very outset, both sides could not visualize a scenario consisting of a total confrontation and collapse. Concurrently, there was no way in which a

complete agreement could be reached on objective criteria between a United States which sought results and Japan which had learned some bitter lessons with numerical goals in connection with the Japan-U.S. semiconductor agreement. In that sense, the framework of the comprehensive economic talks contained major inconsistencies from the beginning.

Rethink Basic Framework for Diplomacy

The most important message conveyed by the recent negotiations from the standpoint of Japanese foreign economic policy is probably that the time has come to modify basic foreign policy where excessive emphasis has been placed on Japan-U.S. bilateral relations.

Postwar Japanese foreign policy called for Japan to conduct itself in coordination with and then become the major beneficiary of a free and nondiscriminatory trade system offered by the United States, a superpower. Simultaneously, all principal negotiations were handled in a manner which called for settlements through bilateral talks between the two nations. However, the decline in U.S. economic strength is being accompanied by a pending major change in the free and nondiscriminatory trade system. On the other hand, in the Pacific region which has important significance for Japan, some of the Asian nations are attempting to enhance their political voice based on progress made in economic growth, prompting the spread of "dangerous regionalism" as if to surround Japan. Further, Japan-U.S. relations have not witnessed a major collapse, but have been plagued by economic friction accompanied by constant frustration and no escape route.

Asia-Pacific nations have severely criticized Japan about foreign policy siding exclusively with the United States. Further, the United States is intensifying its feeling of crisis and displeasure at the rapid economic integration of Japan and the East Asian nations and has begun to search for measures by which to respond to the changes. As Japan alternates between optimism and pessimism over individual trade friction issues with the United States, the world has pursued a full-scale search for a new economic framework for the Pacific region in forms, such as an expansion of the North American Free Trade Agreement (NAFTA), Asian Free Trade Area (AFTA), and East Asian Economic Caucus (EAEC). The Japanese diplomatic catchphrase of "maintaining amicable relations with both the United States and Asia" in the face of such circumstances is becoming excessively banal and lacking in strategy. A new course is needed that transcends the "dangerous regionalism" of the Asia Pacific region and the "unproductive economic friction" between Japan and the United States.

This article will premise itself on that perspective and clarify the need for "strategic multilateralism" centered on the newly established World Trade Organization (WTO) and the need for construction of three different kinds of infrastructure to realize economic diplomacy of that nature.

Espousing and implementing strategic multilateralism is not effortless. Japan has not had an elucidated "strategy" in the past, remained dependent on the United States, and did not adopt a system of resolving matters under a "multilateral approach." And, its process of conducting government affairs through its bureaucracy was not accompanied by "principles." However, the birth of the WTO provides Japan with an auspicious opportunity to build a new style of economic diplomacy.

Unproductive Japan-U.S. Friction

First, let us take a look at the assessments made of the recent Japan-U.S. economic framework talks. Japan-U.S. economic talks, which are already backed up by a long history, have always been conducted under a certain pattern. Initially, the United States would list demands addressed to Japan for action, such as market openings, and Japan would compromise in small steps. The negotiations were conducted under time limits in pursuit of a final settlement by both parties. However, when Japan clearly said "no" to the proposal for numerical goals during the Hosokawa-Clinton talks, the negotiating pattern changed from what it has been up to that point.

The two sides had been forced into positions where neither side would accede to the other party's demand—the United States sought the result of expanded exports to Japan, and Japan could not accept controlled trade in the form of numerical goals.

However, on the other hand, both Japan and the United States had strong economic incentives for not allowing bilateral relations to deteriorate. First, any major upheaval in the trade sector would translate into turmoil in the foreign currency markets and a decline in the dollar. A decline in the value of the dollar would pose major inflationary pressure at a time when the United States faces major inflationary fears because of an economy that is threatening to overheat. Such factors have caused elements within the White House such as macroeconomic theorists with sound judgment such as National Economic Council Chairman Robert E. Rubin to emphasize foreign currency stability as opposed to U.S. Trade Representative Mickey Kantor who advocates a hard-nosed trade policy. Just prior to the deadline for the negotiations on 20 September, President Clinton personally allowed trade protagonist Kantor a free hand and the United States once again assumed a hard-nosed negotiating stance in the final stages. However, in terms of reality, the United States had plenty of incentive for reaching the recent agreement.

Further, it can be said that the option was not available for the United States to impose strong sanctions on Japan. If the United States had imposed massive sanctions on Japan as a result of the recent negotiations, Japan would logically have appealed to GATT. If that had happened, there would have been a decisive impact on the U.S. congressional deliberations on the pending ratification of the Uruguay Round agreement. There are many conservative congressmen in the United States

who assert that GATT will not benefit the United States and, if they should succeed in obstructing ratification of the treaty, the United States would suffer a decisive decline in influence. Thus, the United States basically did not have the option of imposing drastic sanctions on Japan.

On the other hand, for Japan, any disruption in trade would cause turmoil in foreign currency markets and the resultant impact on the domestic economy would be serious. Notwithstanding, numerical goals were absolutely unacceptable. Thus, Japan had no choice but to seek a settlement by making as many concessions as possible in the area of government procurement. In the past, the Japanese Government accepted numerical goals for the sake of cooperating with the United States in the semiconductor agreement in 1991 and in the automotive agreement in 1992. Difficulties experienced with those agreements made it imperative for Japan to avoid numerical goals under the recent negotiations.

Thorough Knowledge of Other Side Not Accompanied by Self-Awareness

The foregoing situation confronting Japan and the United States enabled a prediction on three points: 1) both governments would reach a compromise centered on government procurement and avoid a total collapse. 2) Clear-cut numerical goals would be avoided. 3) Partial sanctions would be imposed on areas where an agreement is not reached. In reality, the settlement reached by the two countries at the end of September was in complete agreement with these predictions.

A conceivably important point is that future Japan-U.S. friction will evolve in a manner similar to the recent cycle whereby total collapse was impossible, but constantly haunting both sides with major frustration. We are speaking of a settlement without agreement. We must resign ourselves to an "age of lingering friction" and an "age of constant frustration," whereby there is no total collapse, but we are far from total settlement.

As far as this writer knows, individuals in the U.S. Government with sound judgment are well aware of the severity of harmful effects of policies covering numerical goals. However, they do emphasize that the absence of such pressure would probably result in the failure of Japan to change its policies. A question that is often posed during conversations with those officials is, "If U.S. pressure did not exist, what would be the price of beef for the Japanese people?" Although they recognize the nonproductive nature of controlled trade, they have are deeply distrustful because of the fact that the Japanese Government lacks the fundamental capability to bring about self-reform.

On the other hand, the Japanese perspective is that the impact on the U.S. economy will be limited no matter how much it increases its imports as sought by the United States. U.S. economic problems are associated with inherently domestic issues such as fiscal deficits and

productivity, making problem solution an elusive matter as long as efforts essential to such issues are set aside and the interests of selected industry groups are projected directly into Japan-U.S. negotiations.

The criticisms voiced by Japan and the United States about each other are highly accurate and must be considered valid. Both nations are now thoroughly knowledgeable about the other party's problems. However, at the same time, there is an exceedingly meager self-awareness of one's own problems.

As Japan faces that situation, it has reached a stage where it should move on from bilateral economic friction with the United States and establish a new pattern of economic diplomacy. Needless to say, there will be a continuing need to exert steady future efforts at solving Japan-U.S. bilateral economic issues. However, today's situation—in which the Japanese public alternates between pessimism and optimism based on statements made by high U.S. Government officials and in which foreign economic policy associated with Japan-U.S. friction is of utmost concern—deviates excessively from the position that Japan enjoys on a global basis.

Pacific Economic Triangle

Next year, the WTO will be launched and work will proceed on the establishment of a new global trade system. However, on the other hand, numerous regional trade organizations have been established, such as the European Union (EU), NAFTA, and AFTA, and Japan's position in international society has become increasingly delicate. Of special note is that regional trade organizations of this type have become active even in the Asia-Pacific region, which has the world's highest economic capacity and has crucial significance for Japan. There is an incipient need to transcend Japan-U.S. bilateral relationships and to revise Japan's economic diplomacy to one with a greater global perspective.

To begin with, the economy of the Pacific region has grown in the past with the support of a variety of mechanisms. First, during the strong dollar period of the first half of the 1980's, an economic "triangle" was formed between Japan, the developing Asian nations, and the United States, supporting the conspicuous formation of the mechanism of dynamic growth. This development represented the first stage of growth.

In those days, Japan exported capital goods and intermediate goods to the developing Asian nations. This consisted of exports of machinery and parts and indirectly represented the transfer of "technology." During that stage, Asian NIE's [newly industrializing economies] and developing ASEAN nations combined such technologies and abundant domestic labor resources and established a position as a global production center.

However, the consummation of the economic mechanism requires that products manufactured in this manner must be purchased by unspecified nations. It

was the United States that served as the sole source of demand as the consumer of such products. Accordingly, Japan served as the supplier of technology, the developing nations of Asia as the producers, and the United States as the consumer, forming three parts of the economic mechanism or a Pacific triangle and leading to the spectacular growth of the region.

However, mechanisms of this kind are absolutely unsustainable on a long-term basis. The U.S. international payments deficit grew significantly in the latter half of the 1980's and the need arose to take corrective action on the strong dollar and the recurring balance-of-payments deficit. The situation led to a policy agreement, namely the Plaza Accord of 1985 to devalue the dollar.

Once the dollar was devalued, the onus for preserving regional growth fell on Japan whereby it would play a larger role as a consumer. However, domestic political scandals precluded progress in the area of economic structural reform and Japan was unable to discharge its responsibilities in a creditable manner.

In the place of Japan, the NIE's of Asia made a major contribution to the economic growth of the Pacific region. First, these nations raised their income levels and expanded imports from ASEAN. At the end of the 1980's, the total imports of Asian NIE's already exceeded that of Japan. The Asian NIE's faced upward pressure on wages because of their small labor markets, leading to relocation of factories to ASEAN nations and expansion of overseas investment. Again, such developments led to a situation where NIE's investment in ASEAN exceeded that of Japan in several of the individual nations.

In other words, NIE's functioned, in a way, as consumers and, in a way, as suppliers of technology and capital and formed a "modified triangle" for the Pacific region. This period can be referred to as the second stage of economic growth in the Pacific region.

Three Issues of the Pacific Economy Entering Third Stage

In contrast, recent years have seen the advent of the third stage of growth. The special characteristic of recent years is that growth is not taking place in single areas like Japan, the United States, or the NIE's, but through extensive regional integration transcending national boundaries. Typical of such growth are the integration of southern China and Hong Kong, the integration of Fujian Province of China and Taiwan, and the integration of the Indochinese economy centered on Thailand. A major characteristic of the Pacific economy is that economic growth through integration is taking place beyond political frameworks and in a sense in an unprincipled manner. Unlike the case of the EU, where a political framework for integration was first established in the form of the Stuttgart Declaration, it is a case where economic growth was realized because of the absence of

politics and policies. This very circumstance is a major characteristic of the Asia-Pacific economy.

However, a number of crucial issues have begun to manifest themselves in the Pacific economy as it enters its third stage. The first issue is the surfacing of dangerous regionalism. As is widely known, NAFTA was established with the United States playing a key role, but even ASEAN has begun to initiate action to establish AFTA. The important point is that developing nations centered in ASEAN with increased economic muscle have made a suggestive expression of their intentions in an attempt to establish a political voice to cope with the United States and Europe. The East Asian Economic Council advocated by Malaysian Prime Minister Dr. Mahathir Bin Mohamad is a prime example of such moves. Japan is in a position to promote APEC (Asia Pacific Economic Cooperation), which functions as a bridge between the United States and Asia, but calls from ASEAN nations for Japan to join EAEC are stronger than commonly anticipated.

The second issue pertains to the situation in which nations of the world are curtailing post-Cold War military spending, but the Asia-Pacific is engaged in a strong military buildup. These moves can be interpreted as a power game in which the acquisition of increased economic muscle by the various nations has led to an attempt to fill the power vacuum resulting from the collapse of the former Soviet Union. An important aspect of this situation is that many Asian nations have strategically linked strengthening their military industries with economic growth. In other words, they plan to produce weapons, which were dependent on imports, develop competitive capabilities, and then convert them into export industries. Modern military industries basically fall in the high-tech category which they hope to use in enhancing the technical standards of their nations.

Military expansion in the Asia-Pacific region is a matter of direct concern to Japan in terms of security. It is also a factor that adds turbulence to global security. There is a need to review regional armament policy to meet the trend of global disarmament.

The third issue pertains to the lingering problem that there has been a shortage of consumers from an economic perspective following the 1980's. The various periods saw a shift in consumers from the United States, Japan, and NIE's, but the underlying concern is still significant that Japan is a nation whose markets are not adequately open and whose consumption capability has not adequately matured. Currently, spectacular demand expansion (economic growth) is taking place in NIE's and ASEAN nations and a semblance of balance has been realized between demand and supply. However, an examination of Asian economies indicates inflationary pressures, especially capital inflation pressures, and at times shows the threat of developing into bubble economies. If turbulence should arise in asset markets, demand will fall just as it did during Japan's bubble

collapse and there is the potential that consumption will drop conspicuously in such regions.

As Japan vacillates between optimism and pessimism concerning bilateral relations with the United States, the nearby Asia-Pacific region is witnessing the spread of budding dangerous regionalism, expanding militarism, and the spreading fear of an underlying consumption deficit. Eventually, the situation will pose a variety of issues all demanding a major role for Japanese economic diplomacy.

Asian Initiatives, Opposition From the United States

Specifically, the question is, how can Japan defend itself from the dangerous regionalism that is emerging in the Asia-Pacific region? How can the answer to that question be reconciled with the basic diplomatic posture of "maintaining amicable relations with both the United States and Asia"?

First, an important point from the U.S. perspective would be to gain the economic stimulus of the United States through a vibrant Asia-Pacific economy. Participation in a dynamic Asia-Pacific economy is indispensable in terms of offsetting the deflationary effects of deficit reduction efforts by the Clinton administration, which seeks a reduction in fiscal deficits. The United States is engaged in an effort to accomplish an urgent integration through APEC by promoting free trade and capital investments in the region with the clear motive of maintaining its own so-called frontier.

Ever since President Clinton himself participated in the general meeting of APEC in Seattle last year, APEC has undergone a major change in its character from that of a ceremonial organization to a regional economic organization that promotes trade and investment.

By contrast, the principal nations of ASEAN embrace the principle that they are not participating in APEC as individual nations, but as members of ASEAN. Thus, they give priority to the integration of ASEAN and have strengthened their opposition to urgent APEC discussions held under the initiative of the United States. Reportedly, the basic position of individuals like Malaysian Prime Minister Mahathir is to utilize the effects of economic growth to boost their voice in relation to Europe and the United States. An organization established for that purpose is the EAEC, which involves Japan. It is difficult to establish a strong voice in the world without Japanese economic muscle. It is for that reason that expressions seeking Japan's participation in the EAEC among regional sources including economists with good judgment are much stronger than generally believed in Japan.

However, on the other hand, U.S. rejection of EAEC is stronger than normally visualized. At a conference held at Columbia University, a question was posed as to why the United States so strongly opposes an independent Asian economic zone when the United States itself

maintains a regional trade organization known as NAFTA, but U.S. participants at the meeting uniformly expressed the following sentiment in response to the question.

An EAEC that excludes North America and Oceania in the Pacific region reflects Asian racism. Specifically, in 1991, Prime Minister Mahathir addressed the United Nations on the basic concept of the EAEC, but according to an unnamed UN specialist, "It will be chronicled in the annals of the United Nations as a racist speech." There may be some doubt as to the appropriateness of this evaluation. However, before we make a problem out of regional blocs in any economic commentary, we must give adequate recognition to the fact that the United States has demonstrated unexpectedly strong opposition to the EAEC.

In response to this situation, some U.S. sources strongly advocate the expansion of NAFTA to include some of the Asian nations. Recently, at an informal conference held in Washington, DC, the possibility of four NIE's nations joining an "expanded NAFTA" was presented by the United States, and specialists from South Korea and Singapore expressed a readiness to participate. In any event, the idea of an expanded NAFTA which was being considered from the latter part of the Bush administration enjoys the potential of rapidly becoming reality in the future.

On the other hand, ASEAN will probably make an attempt to expand AFTA and expand its membership to other Asian nations. As political dynamics play an active role in this respect, Japan has reached a stage where it can no longer survive by merely clinging to the banal perception that, "We'll maintain amicable relations with both the United States and Asia."

Opportunity for Strategic Multilateralism

In view of the foregoing, it becomes apparent that the only course left for Japan is multilateralism centered on the newly launched global agency known as the WTO and APEC. Moreover, we must not assume past patterns of passive and reasonable roles, but promote extremely aggressive, strategic multilateralism. Otherwise, we will fail to dispel the ill effects of regionalism on the one hand, while constantly facing the ill effects of unproductive Japan-U.S. friction.

Even in the United States, there have been opposing views on how to handle bilateral and multilateral relationships. The U.S. Trade Representative's Office itself has two opposing groups on the topic. Despite such confrontations, Congress is making an effort to proceed with the difficult debate on ratifying the Uruguay Round. As for Japan, it must assume the leadership to enable a smooth initiation of the WTO in order to encourage group supporting multilateralism in the United States, and it must demonstrate by example that there is greater merit in multilateralism than bilateralism or regionalism.

Now, the first step that Japan must take in shifting the basis for its economic diplomacy to multilateralism will call for its active participation in global forums for developing systems or active participation in so-called "planning department" activities. In that sense, actions taken in relation to a wide range of global agencies will become incomparably important compared to the past. However, GATT specialist and former Georgetown University professor Gary C. Hufbauer states that Japan was almost dysfunctional in such roles during the Uruguay Round.

On the subject of how a global trade system should be operated, the United States submitted about 100 papers, and Europe submitted about 50 papers, but Japan did not submit a single document. Japan merely played the passive role of expressing the degree to which it was willing to accept specific proposals.

Regrettably, Japan's dealings with international agencies were handled within the specialized functions of individual bureaus. Individuals dispatched from such bureaus as government representatives were subject to personnel rotation systems. However, dependence on such a bureaucratic system to deal with international agencies detracted significantly from Japan's presence in such agencies. Further, career Japanese employees who worked in such agencies under Japanese international agency policies of a closed nature were offered inadequate incentives and did not increase in numbers contrary to expectations.

The launching of WTO at this stage provides Japan with a good opportunity to contribute to firm establishment of strategic multilateralism. We need to make some radical changes in our plans relating to international agencies including changes in the personnel area.

Improve Infrastructure in Three Areas

Taking the initiative in multilateralism on the part of Japan will require it to boost its plans relating to international agencies, as already stated, and will require it to exercise comprehensive influence to a degree in balance with its economic power. Generally speaking, power in this respect in terms of politics refers to hard power (e.g. military power) and soft power (e.g. cultural influence). In this connection, this writer would like to advocate a distinction between hard economic power and soft economic power.

At this point, hard economic power refers to the exercise of purchasing power (imports) and other acts that contribute directly to changes in economic indices of other nations through investments and aid. Among hard economic power, of special importance to Japan are macroeconomic expansion of domestic demand and deregulation. In real life, we have been the target of significant expectations from various nations, but our failure to act in this area has caused a variety of economic friction. We must cease our dependence on external pressure and

execute bold expansions in domestic demand and deregulation based on our own initiative.

However, strategic promotion of multilateralism by Japan will require it to exercise new influence in an area of greater significance, though in the area of soft economic power. That role will require Japan to offer infrastructure in the following three areas to promote global economic growth, especially in the Asia-Pacific area.

The first area is "intellectual infrastructure." Participation in global planning will logically require the maintenance of a global intellectual network. Specifically, in today's Asia-Pacific region, the United States exercises unquestionable power, but an important source of that power lies in the intellectual network which the United States maintains with leaders of various nations. Asian nations now have members of the younger generation who attended and received intellectual training in U.S. universities and who are now demonstrating major capabilities in their respective societies.

As an example, in Thailand, in recent years, second-generation management personnel repatriated from the United States are playing a key role in an effort at modernizing the economy. In the Philippines, repatriated members of the younger generation with U.S. college degrees are filling key posts in the government. Such personnel resource networks are clearly an important segment of U.S. soft economic power. The Japanese university system still has a closed-door nature and lacks global competitiveness, causing the system to isolate itself from the rest of the world.

The second area is the "information infrastructure." Today, people can sit at any location in the world and receive information on a real-time basis via CNN news. In that sense, CNN plays a decisive role in influencing decisions by governments, businesses, and individuals. But that means people throughout the world are receiving information emanating from the United States with a to U.S. interpretation and in the English language. The promotion of multilateralism and the reflection of diverse values in the decisionmaking process would make it appropriate to provide global information from an Asian perspective. Japan must become an important source for the transmission of such information.

The third area is the need to establish a so-called "capitalistic infrastructure" comprised of accountants and attorneys who are indispensable in the conduct of economic activities. As an example, the conversion of former socialist countries to market economies was achieved by dispatching U.S. accountants and attorneys and establishing legal systems and accounting practices. Regrettably, Japan does not have professional groups that have this type of global competitiveness. Japanese lawyers operate under strict import restrictions similar to rice in which the activities of foreign attorneys are restricted, thus obstructing any progress in the area of international competitiveness. In the meantime, Japan

forfeited the opportunity to show its capabilities in the crucial area of soft economic power known as "capitalistic infrastructure."

Transformation to a True World Power

Unproductive Japan-U.S. economic friction will probably continue. We need not mention that Japan-U.S. relations will represent important bilateral relations of the future and that there will be a need to continue efforts to provide sound solutions to our individually occurring problems. However, when Japan's mass media were providing major coverage to the economic framework talks at the end of September, the three major U.S. networks' news programs featured the Haitian situation, midterm elections, and the strike by professional sports leagues. The difference between Japanese and U.S. mass media coverage is the same as the differences in the diplomatic stance of both nations.

The United States is too much of a normal nation to rely solely on Japan-U.S. bilateral relations. On the other hand, Japan rests excessively on one aspect of world power. The time has come for it to move away from excessive concentration on Japan-U.S. friction.

Okinawa Governor on Relocating Naha Naval Port

*OW2501121695 Naha OKINAWA TIMES in Japanese
24 Jan 95 Morning Edition p 3*

[FBIS Translated Text] At a regular news conference held on 23 January, Governor Masahide Ota commented on the return of the Naha Naval Port, which is considered an important item in local military issues. He said: "While listening to the local people's opinions, the prefectural government needs to deal with the issue should the Japanese and U.S. Governments incorporate into their settlement a plan to relocate the facility." So far, the prefectural government has maintained a fundamental stance of "unconditionally removing" the facility. However, the governor suggested that the prefectural government may change its stand and accept realistic measures, including a plan to relocate the port facility, to deal with the situation.

As regards the fact that the Japanese and U.S. Governments are promoting discussions on precondition that the facility be moved to another location in Okinawa, the governor said: "While insisting on the prefecture's stand, I will settle the issue after making sure that a relocation plan, even if it is for downsizing, conforms with a plan designed to develop the region where the facility will be relocated to, and to promote Okinawa's overall economy."

It seems likely that the Special Working Team for the Return of Naha Naval Port, which was formed within the Japan-U.S. Joint Committee, will have a conclusion by the end of this year; Urasoe city's west coast is being studied as one of the candidate locations for the facility.

But, the Urasoe assembly strongly opposed the relocation plan by adopting a protest resolution and taking other measures. Since many twists and turns are expected over the issue, the Japanese Government is hoping that the prefectural government will play a "mediator role."

The governor is assuming a cautious attitude by saying: "I will watch developments at the Japan-U.S. talks." However, he also said: "There is no way but to promote (the issue's settlement) while listening to wide-ranging opinions of the prefectural people." It can be said that this remark indicates the possibility that the Ota prefectural government, which has been objecting to the port's conditional return, may become realistic and accept the downsizing plan by changing its principle view.

Jewish Groups Protest Denial of Holocaust

OW2601105595 Tokyo KYODO in English 0934 GMT
26 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 26 KYODO—Jewish organizations are protesting a Japanese magazine article arguing that the holocaust was "propaganda" and that gas chambers never existed, a major Japanese daily reported Thursday [26 January].

The Los Angeles-based Simon Wiesenthal Center, a major Jewish organization, protested the article in a letter to Japanese Ambassador to Washington Takakazu Kuriyama, the ASAHI SHIMBUN said in its EVENING EDITION.

The article, "There Were No Nazi 'Gas Chambers'," appeared in the latest edition of MARCO POLO, a monthly published by the major publishing house Bungei Shunju Co.

In the letter, the center described the article as a most vicious attack upon victims of Nazi Germany and World War II history, as this year marks the 50th anniversary of the release of Jewish prisoners from the infamous Nazi concentration camp in Auschwitz, Poland, the daily said.

The center has also urged multinational corporations to stop advertising in the magazine. German Carmaker Volkswagen ag and the U.S. firms of Microsoft and Philip Morris have so far suspended future ads in the monthly.

The article's author, Masanori Nishioka, wrote that gas chambers did not exist in concentration camps and those currently open as museums were fabricated by either Polish Communist leaders or the former Soviet Union, according to the daily.

Nishioka, a physician, also wrote that Nazi leader Adolf Hitler and other top officers had never planned to "exterminate" Jews living in the camps.

The Israeli Embassy in Tokyo also sent a protest letter to the magazine, according to the publication's editor, Kazuyoshi Hanada.

Hanada countered by saying Nishioka introduced a viewpoint not well known in Japan, and he conducted research independently by visiting the sites and reviewing past studies on the topic, the daily said.

Hanada added that neither the magazine's editors nor the author holds any prejudices against Jews and that the article does not deny that a genocide occurred.

MARCO POLO has a circulation of 200,000.

Envoy to Russia Calls for Continued Support

OW2601014495 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 25 Jan 95 Morning Edition p 2

[FBIS Translated Text] Ambassador to Russia Koji Watanabe, now returning home, gave an interview to a NIHON KEIZAI SHIMBUN reporter on the evening of 24 January, and discussed his view on the favorable direction of Japanese policy for Russia in view of the Chechen situation.

In the interview, Watanabe strongly denied uncertainties in Russia's reform policy rumored among Western nations, and stressed: "The suspension of support to Russia will bring about undesirable results. (Japan) should not discontinue its assistance right now." With respect to Foreign Minister Andrey Kozyrev's Japan visit postponed by political confusion in Russia, Watanabe said he is negotiating with Russia to reschedule the Kozyrev visit in late February or early March. He noted that the main objective of the Kozyrev visit is to settle such pending issues as fishing in waters off the northern islands.

Since the Chechen conflict has been prolonged, concern is mounting even in Japan over the slowdown of Russia's reform process. The government is being urged to review its conventional "balanced expansion policy," which seeks progress in territorial talks and other political negotiations in tandem with economic aid. Under such circumstances, Watanabe called for unchanged support for Russia to perpetuate the nation's reform policy.

Watanabe emphasized that the Russian Government is changing its stance toward the Chechen issue, noting that "President Yeltsin is leaning toward a political settlement of the issue after holding the capital Grozny, and reformist politicians are now taking part in the decision-making process." Moreover, Watanabe said that extreme confusion in the Russian political scene is unlikely in the near future, as "anti-government opinion leaders are beginning to say 'no politicians are capable of replacing Yeltsin until at least the 1996 presidential election.'"

Nissan To Delay Exports From U.S. To Mexico

OW2601090395 Tokyo KYODO in English 0843 GMT
26 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 26 KYODO—Nissan Motor Co. will postpone its plans to export

U.S.-made vehicles to Mexico following the peso's crash on the foreign exchange market, Nissan officials said Thursday [26 January].

Nissan had planned to start shipping the Altima car (called the Bluebird in Japan) and the Quest minivan from the United States to Mexico this spring.

The officials said, however, Nissan will go ahead with plans to ship the Sentra car (called the Sunny in Japan) from Mexico to the U.S., with imports in the U.S. made cheaper by the peso's slide.

The delay will affect Nissan's plans for a vehicle supply system among the U.S., Canada and Mexico, members of the North American Free Trade Agreement (NAFTA), to take advantage of tariff cuts by the three nations.

If the currency crisis is prolonged, the Nissan plans may have to be revised, the officials said.

Nissan earlier this month raised Mexican prices for its vehicles by 10 percent following the peso crisis and plans to implement an additional 5 percent hike.

Global Information Network Plan Unveiled

*OW2101115595 Tokyo ASAHI SHIMBUN in Japanese
14 Jan 95 Morning Edition p 3*

[FBIS Translated Text] On 13 January the government disclosed the "draft plan for establishing a global information network." it will be proposed at the first "ministerial meeting of the Group of Seven industrialized nations (G-7) on global telecommunications" slated for 25 and 26 February in Brussels, Belgium. The plan notes the need for industrialized nations to have global vision of including developing countries in the process of improving the communications infrastructure. It includes a proposal that Japan, the United States, and European countries should jointly conduct various experiments on electronic libraries and remote-controlled medicare systems. It also notes the need to set international rules concerning the protection of intellectual property rights and privately owned data.

The draft plan was compiled by the Posts and Telecommunications Ministry based on discussions in the Telecommunications Council (an advisory body to the posts minister) for submission to a cabinet meeting. The plan features eight rules, including "promotion of competition" and "global cooperation" principles. It will be presented at the G-7 ministerial meeting as a Japan-proposed plan.

The draft plan first explains an ongoing project in Japan to link households through fiber optic networks by 2010. It then proposes global cooperation in improving the information infrastructure. In consideration of differences among countries in the level of development and geographical conditions, it specifically calls for multilateral cooperation in launching communications satellites and establishing a mobile telecommunications system.

In recent years some companies have formed tie-ups in telecommunications services, monopolizing the world's telecommunications business. As a result, those who have failed to form such business tie-ups with other companies have been ousted from the market. The draft plan urges the drawing up of measures to prevent monopolies on service fares and communication lines to establish a fair global telecommunications market.

Tokyo, Seoul Ask Beijing To Join Phone Project

*OW2501012095 Tokyo KYODO in English 0052 GMT
25 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Japan and South Korea have agreed to jointly develop a mobile phone system for global calls under a scheme promoted by the International Telecommunications Union (ITU), an industrial daily said Wednesday [25 January].

According to the NIHON KOGYO SHIMBUN, the telecommunications ministries of the two countries have asked China to join the joint project.

The ITU, a special agency of the United Nations, is aimed at introducing the Future Public Land Mobile Telecommunications System (FPMTS) by 2000. Under the system, users will be able to make phone calls from all over the world using their own mobile phones.

To that end, the ITU is now working on standardizing frequency and interface to be applied under the FPMTS, according to the paper.

Japan and South Korea will propose that their jointly developed system be adopted by the ITU, the daily said.

The cooperation between Japan and South Korea is expected to pave the way for a Japanese-developed personal handy-phone system to be used under the global mobile phone scheme, the paper said.

Reportage on Response to Hanshin Earthquake

Al-Qadhdhafi Remark Condemned

*OW2501133195 Tokyo ASAHI SHIMBUN in Japanese
25 Jan 95 Morning Edition p 3*

[FBIS Translated Text] Commenting on the Hanshin earthquake in Japan, Libyan leader Colonel al-Qadhdhafi has said, "Japan was punished by heaven because it has used its economy to serve the Satan." In response, Terusuke Terada, spokesman for the Ministry of Foreign Affairs [MOFA], disclosed at the 24 January news conference that the Japanese Government had protested to Libya through diplomatic channels over the Libyan leader's remark. At the news conference, Terada said: "His remark whipped those who died in the earthquake and deeply hurt the feelings of the earthquake victims. His remark is against international common sense. It is extremely regrettable." The protest has been made by Shigeru Endo, chief of the First Middle East

Division, via telephone to Badi [name as published], acting secretary at the Libyan People's Office (equivalent to embassy) in Tokyo.

U.S. Offer of Help Reviewed

*OW2601143295 Tokyo NHK General Television
Network in Japanese 1025 GMT 26 Jan 95*

[Announcer-read report; from the "NHK News 7" program]

[FBIS Translated Text] Immediately after the Hanshin earthquake, the U.S. military in Japan offered the Japanese Government the use of its naval forces' aircraft carrier to house people who were injured or who had lost their homes in the great earthquake, the LOS ANGELS TIMES has reported.

The paper said: The U.S. military in Japan gave the Japanese Government a list of different forms of aid that they could provide. One of the items on the list was an offer to send the aircraft carrier Independence to Kobe from Yokosuka, which is virtually a home port of the Independence, with 2,000 beds for use as accommodation for people who were injured or who had lost their homes. The U.S. military also offered to provide aircraft, bulldozers, generators, and rescue dogs, and also offered to help remove rubbish.

In response to those offers, the Japanese Government accepted only three items: blankets, tents, and supplies of drinking water. The LOS ANGELS TIMES criticized the Japanese Government's response, saying that people in the quake-hit areas were forced to put up with miserable conditions while Japan hesitated to accept the offer.

The Foreign Ministry says the U.S. Government told Japan it was examining whether or not the aircraft carrier could be used as shelter for the evacuees. The ministry says Japan did not ask for the use of the carrier because of severe damage to Kobe Port, difficulty in transporting the evacuees, and difficulty in using the carrier as shelter for a long period of time.

Saito Counters Criticism

*OW2601100295 Tokyo KYODO in English 0924 GMT
26 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Vice Finance Minister Jiro Saito Thursday [26 January] countered mounting criticism that insurance for earthquake victims is not adequate.

"There are no grounds for wholesale condemnation of earthquake insurance coverage," he told reporters at a press conference.

He said it depends on contracts, that is, the higher nonlife insurers raise their upper limits for payouts, the more insureds have to pay in premiums.

He also said he has not yet heard that his ministry has started a review of the current quake insurance system.

On Wednesday, Finance Minister Masayoshi Takemura told the House of Representatives Finance Committee, "I will instruct relevant ministry sections to consider improving (the earthquake insurance mechanism) now that the latest earthquake has generated strong calls for new products."

In the wake of the Jan. 17 great Hanshin earthquake in western Japan, criticism has been mounting that current insurance policies, which offer maximum payments of 10 million yen per quake-hit home, are not enough to restore homes badly damaged or destroyed by earthquakes, or the fires which follow them.

Asked about the timing and scale of another fiscal 1994 supplementary budget to finance emergency quake measures, Saito said neither was in sight.

Saito said the extra budget will be based on requests from each government ministry and agency, from whom the ministry is now requesting data on quake damage.

He downplayed reports that the ruling coalition parties are considering scrapping a planned income tax reduction by 2 trillion yen with a uniformed levy rate cut for fiscal 1995 to finance quake measures.

"I have heard absolutely nothing about that," Saito said. "We cannot make any discussion without having an outlook for necessary budget for quake measures."

Prices 'Generally Stable'

*OW2601113995 Tokyo KYODO in English 1121 GMT
26 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 26 KYODO—A survey of prices in Hyogo Prefecture indicates some daily necessities have become more expensive since the Jan. 17 devastating earthquake, but the cost of many items remains stable and several products have gotten a bit cheaper, the Economic Planning Agency (EPA) said Thursday [26 January].

The agency was able to make contact with 33 of the 57 people who monitor prices for the agency in Hyogo Prefecture, which was hit hardest by the quake, with 27.3 percent saying some prices have gone up but 45.5 percent saying prices are generally stable.

Price rises were noted for such items as fresh vegetables, fresh fish, plastic containers, portable gas grills, gas cylinders for such grills and bottled mineral water.

On the other hand, 21.2 percent of the monitors said prices dropped slightly for several products, including bread and batteries, the agency said.

The agency carried out an emergency survey on prices of daily necessities Wednesday in quake-hit Hyogo Prefecture and the surrounding affected areas of Osaka and Kyoto Prefectures.

A total of 161 monitors, who regularly check prices at the agency's request, were reached by phone and 116, or 72 percent, of them could supply information.

The agency said the monitors it could not reach in Hyogo Prefecture were likely evacuated to shelters and other places.

Including the monitors who are living in less damaged Osaka and Kyoto Prefectures, the ratio of the people who said prices are unchanged increased to 67.2 percent, and that of those who saw price hikes declined to 22.4 percent.

An agency official said, "the impact of the quake on prices is smaller than anticipated. People are acting calm, and prices have so far been stable."

The agency said it will conduct price surveys regularly on the affected area from in February.

Subsidies to Public Corporations Updated

OW2401143795 Tokyo KYODO in English 1352 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Government funding of public corporations, prime targets for streamlining under administrative reform, will rise by a five-year low of 2.3 percent in fiscal 1995 under a Finance Ministry budget, the ministry said Tuesday [24 January].

Subsidies and investment under the general account of the national budget for the fiscal year starting April 1 will be 2,766.3 billion yen, growing more slowly than the 3.1 percent rise budgeted for the general account as a whole, the ministry said.

Although a ministry official proclaimed the growth reduction as a step toward administrative reform, it falls well below the call by new party Sakigake [Harbinger], headed by Finance Minister Masayoshi Takemura, for 20 percent cuts in such subsidies and investment.

General account subsidies are to rise 1.3 percent to 2,036.9 billion yen, with investment up 5.2 percent to 729.4 billion yen.

But total government subsidies to public corporations, including those from other "special accounts" outside the main general account, add up to 4,203.4 billion yen, a 2.1 percent increase, the ministry said.

The biggest general account subsidiary recipients are Housing Loan Corp., getting a 1.6 percent increase to 410.9 billion yen, and the Japan Private School Promotion Foundation, scheduled for a 2.6 percent rise to 280.4 billion yen, ministry figures show.

Also getting more than 100 billion yen each are the Japan International Cooperation Agency, Livestock Industry Promotion Corp., the Farmer Pension Fund and the Agriculture, Forestry and Fisheries Finance Corp.

Reasons for High Cost of Public Works Examined

952A0163A Tokyo NIHON KEIZAI SHIMBUN in Japanese 4-7 Nov 94

[Article in four installment by the public works reporting team of editorial staff writer Masato Sano and reporters Shinichi Hayashi, Atsushi Ishinabe, Hiroyuki Kotake, Shinobu Takeda, and Kenichi Ikezawa: "Audit Report on 40 Trillion Yen—Reason for High Public Works Costs"]

[4 Nov 94 p 1]

[FBIS Translated Text] Aftermath of General Bidding—Minimum-Price System Serves as Underpinning

Reportedly, public works costs in Japan are 30 percent higher than they are in the United States. Reducing costs relative to the 40 trillion yen spent annually at the national and local government levels for public works is currently an important issue in the area of administrative reform. The coalition parties have initiated a new study on the reform of competitive bidding systems and the Ministry of Construction is in the process of preparing an action plan aimed at cost reductions through such measures as the use of cheaper imported materials, but it is still unclear whether the changes will produce real results. This series of articles will discuss the reasons for the high costs associated with public works projects and other related issues.

Several Firms Disqualified

In Ota, a leading industrial city in Gunma Prefecture, construction was started on a new government building on 1 November with a target for completion in three years. It will be a skyscraper with 21 floors above ground and will be a public works project of the largest class in the area. However, the bidding process, which took place in August, was plagued by unexpected repercussions.

The bidding process for the construction of the new government building's main section involved 11 joint ventures and resulted in the placement of an unprecedentedly wide range of bids from 8.8 billion yen to 12.5 billion yen. And there were more problems. Six joint ventures, including leading general contractors such as Obayashi Corporation and Shimizu Corporation, were all disqualified for submitting bids that fell below the city's lowest acceptable price.

Competitive bidding processes in which bidders submit bids for public works projects at prices below the lowest acceptable price have been increasing nationally.

- **Ibaragi Prefecture:** In bidding taking place in September and October for the Oyama Dam construction project and the "Unomisaki" prefectural public rest house construction project, several bids came in below the minimum acceptable price.
- **Kanagawa Prefecture:** In the bidding process for the Tsukui Equestrian Grounds land reconfiguration

project, which was concluded in January, seven of the 17 joint ventures were disqualified for bids below the minimum acceptable price.

- **Yokohama:** In the bidding in August for the Imaigawa Subterranean Adjustment Ponds construction project, joint ventures including Toda Construction Company submitted bids that fell below the minimum acceptable price.
- **Miyagi Prefecture:** In the bidding that took place in May for the Sendai Airport and passenger terminal construction project solicited by a third-sector organization, two of the eight joint ventures submitted bids below the minimum acceptable price.

Bids coming in below minimum acceptable prices in Tokyo during fiscal year 1993 increased to 84 cases, 1.5 times that of the prior year, and the bidding process was redone on four pending contracts because all vendors submitted bids below the minimum acceptable price. In fiscal year 1994, as of the end of July, 40 such bids were counted, exceeding the rate recorded in fiscal year 1993.

There are several reasons for the indicated trend. One reason given by the National Construction Contractors Association is that "the unfavorable economic climate has adversely affected the order rates of the contractors." Leading general contractors state that the profit on public works projects is about 3 percent. In contrast, the profit on private-sector projects has fallen from the 5-percent level of the bubble economy period to a current rate of about 2 percent, which means that winning contracts for public works projects is a matter of life or death for contractors.

Consideration Given to Contractors

Another factor coming into play is the effect of the general bidding process introduced on a full-scale basis this fiscal year in response to criticism voiced about general contractor corruption. The system functions so that contractors that meet certain qualification requirements are free to participate in the bidding, and it is supposed to intensify competition in contrast to past procedures that limited bidding to contractors who were designated by the contracting agency.

Concurrently, a separate issue has surfaced in the form of a "minimum acceptable price." The minimum price system was devised as a means of excluding dumping bids and low-quality contractors, but there are signs that the system is actually functioning to "support public works project prices." For example, the winning bid for the new government office building in Ota came in at 12 billion yen and was submitted by a joint venture consisting of six local firms and the Kumagai Gumi Company. Reportedly, the minimum acceptable price was set at 11 billion yen and caused Obayashi Corporation, which came in with a bid of 8.8 billion yen, to be disqualified. A general contractor with a reputation like Obayashi should be able to do a reputable job. There have been critics, as city councilman Akio Arai, who

said, "I believe it may have been a case where Ota city set the minimum acceptable price too high."

There are signs that contractors who previously concentrated on trying to determine the anticipated price, which was the highest acceptable price, are now beginning to concentrate on the minimum acceptable price. In the case of the Yokohama city Imaigawa Subterranean Pond construction project, the winning bid turned out to be 25 percent below the highest bid. The city had set the minimum acceptable price at 70 to 85 percent of the anticipated price. This indicates that the winning bid came in at close to the minimum acceptable price.

Contracting agencies soliciting bids are also displaying more consideration for prospective contractors. Yokohama city raised its minimum acceptable price levels from "more than two-thirds of the anticipated price" to "more than 70 percent of the anticipated price." Musashino city of Tokyo has no minimum price system, but shows signs of adopting one.

Thirty Percent Higher Than the United States

With respect to such movements, Naoto Suga, New Party Sakigake [Harbinger] Policy Research Committee chairman, criticizes, "There's something fundamentally wrong with the minimum acceptable price system that limits the lowering of prices." His position is that greater consideration should be given to taxpayers who must pay for public works projects rather than to contractors. A primary goal of Sakigake bidding system reform program is abolishment of the minimum acceptable price system.

The Ministry of Construction's committee for evaluating the methods for estimating costs of public works projects issued a report at the end 1993 that pointed out that Japanese public works costs were about 30 percent higher than in the United States. The Construction Economy Research Center estimates that public works costs for one square kilometer of national land is 54 times that of the United States and four times as much on a per thousand population basis.

Both the government and the ruling coalition parties have finally begun to act. Beginning at the middle of this month, the Ministry of Construction will prepare an action plan aimed at cutting public works costs and intends on beginning to promote aggressive use of imported materials and development of technology to reduce personnel and consumption of labor. However, progress has been plagued by difficulties and disclosure of the programs has been subject to several delays.

Sakigake has asserted that the cost of construction work associated with public works projects handled by the government, public organizations, and industrial organizations, exclusive of land acquisition costs, can be reduced by a minimum of 10 percent. Even if half of that amount were feasible, it would represent a savings of 2 trillion yen in public spending out of an overall total of 40 trillion yen spent on public works.

Senior researcher Atsushi Miyawaki of the Japan General Research Center expresses the view that "public works costs still have room for considerable reduction, when consideration is given to the 30-40 percent drop in private-sector construction costs." The government and ruling parties have come to the point where they can no longer afford to hesitate in taking decisive action.

[5 Nov 94 p 1]

[FBIS Translated Text] Concealment of Anticipated Price—Questionable Basis for Estimates

"It's hard to believe that they would make such a low bid." These were the words uttered by an official of the Tokyo metropolitan government in charge of public works projects as he expressed astonishment at an unusual situation. In August 1994, bids placed by contractors for construction of a waste classification and recycling facility for Tokyo produced a winning bid of 11.7 billion yen, which was 10 billion yen below the anticipated price (upper limit of the contracting agency estimates).

Disregard of Productivity Factors

The case became an issue in the municipal council. Japan New Party municipal councilman Mikio Nakayama charged, "Isn't this a case where municipal public works estimates are too high?" But, it turned out that the municipality merely repeated its claim that the "estimate was set at valid levels."

Anticipated prices are calculated on the basis of "price lists" for materials, such as steel, and "labor costs," prepared on the basis of a survey conducted by the Ministry of Construction on a semiannual basis. The logic that claims that "estimates are valid because they are based on market prices," is a common understanding among all contracting agencies, including those at the national and local government levels.

However, the waste disposal plant in question included installation of the latest type of equipment, which is not on price lists, such as crushing machines and pneumatic sorting machines. When the city was questioned on this particular point, the response was evasive producing the words, "We do not have the capability to estimate costs for such equipment." Contractors Hitachi Zosen and Maeda Corporation, who won the contract, state, "We did not enter our bid at an unprofitable level. We will also guarantee the quality of our work."

It appears the "price list" used by Tokyo is not something that can be used without modification. Officials of the Economic Council, an outside agency of the Ministry of Construction and the Economic Planning Agency, which publishes the "price list," comments, "On large-scale projects, it is possible to reduce anticipated prices on the basis of reductions in material costs through volume purchases."

The reality of "anticipated prices" is that they do not reflect the benefits of scale and attendant gains in productivity. As an example, a Board of Audit report identified just under 200 million yen in relatively over-estimated pricing on 37 billion yen in total billings for tunnel construction work performed in 13 nationwide project zones such as Hokkaido and Nagano Prefectures in connection with the building of freeways contracted by the Japan Highway Construction Corporation up to January 1991. The Board of Audit claims, "If the estimates were prepared on the assumption that large-scale rock-drilling machines would be used, they should have been able to set the anticipated price at a lower level."

Rejection of Request for Public Disclosure

"The anticipated price" is an absolutely essential piece of data for general contractors. They endeavor to submit bids that are barely under this upper limit so as not to exceed the price and face disqualification. If they can win a contract at such a bid, they can realize maximum profits. Reportedly, the major reason why general contractors hire large numbers of former Ministry of Construction officials every year is for the purpose of "gathering information on anticipated prices."

The result is some bizarre occurrences. Last year in March, when the Housing and Urban Development Corporation solicited bids for a pedestrian walkway in Tama New Town, it arrived at an anticipated price after miscalculating pavement tile prices as 6,000 yen each instead of the normal price of 6,000 yen a square meter, but the general contractors came in with bids that were close to the miscalculated, anticipated price.

Such drastically miscalculated cases are not pertinent, but the question still remains, are anticipated prices truly "valid prices"? The reason for this question is that the anticipated price is not publicly disclosed either before or after the bidding process on the basis that "doing so would interfere with the bidding process function."

Saitama was once plagued by a collusion scandal. Currently, the "Saitama Doyokai Dango [bid-rigging by collusion] Scandal Investigation of the Saitama Citizen's Council" led by Fukuoka city Councilman Hideji Iwaki has filed a suit with the Urawa District Court to force prefectural authorities to publicly disclose anticipated prices.

Two years ago the "Citizens' Council" filed a lawsuit against 63 general contractors seeking about 6 billion yen in compensation for damages incurred by the prefecture and its citizens because of excessively high winning bid prices negotiated through the Saitama dango process. Court trials have been conducted in over 10 sessions at the Urawa District Court, but the pending question is the validity of the amount of damages sought. In that process, there is a need to clarify the "anticipated price," but the prefectural authorities have refused to produce the applicable data despite the court's request for public disclosure. That led to the recent public disclosure suit.

The plaintiff's lead attorney, Toshiyuki Sunami expects, "The court will make a decision in about six months.

Formidable Bureaucratic Barrier

Concealment of the anticipated price precludes audits and criticism of public works expenses. Under cover of the concealment, the annual public works budgets are prepared, subsidies are distributed, and the basic plan for public works investment is increased by 20 billion yen in one swift move. Within the ruling coalition parties there are those such as Kiyoshi Mizuno, LDP Administrative and Fiscal Policy Research Council chairman, who says, "Consideration should be given to administrative disclosures," but the bureaucratic barrier protecting the sought-after information is formidable.

[6 Nov 94 p 1]

[FBIS Translated Text] Design Changes and Segmented Contracts—Efficiency Set Aside, Construction Costs Inflated

"Subway construction costs often exceed initial budgets, but in this case they have exceeded our expectations by an enormous amount," are the words of an official with the Ministry of Transport's Railway Bureau Financial Affairs Division. In referring to "this case," he was speaking of the East-West Line Subway which the city of Kyoto had planned as a major project commemorating the 1,200th anniversary of the founding of Heian [Kyoto]. It was revealed in June 1994 that the total cost of the project would double from initial estimates to 471 billion yen and that the system would open in the fall of 1997, three years late.

The city council engaged in an imbroglio and four officials, including Mayor Tomoyuki Tanabe, were disciplined with a 30-percent pay cut for six months beginning in July. Perhaps due to overwork, the then chief of the Kyoto Municipal Traffic Bureau died suddenly. On the other hand, the citizens of Kyoto will be forced to foot additional costs in the amount of 150,000 yen per capita.

Construction on the East-West Line was started in 1989 at an estimated cost of 245 billion yen to link Daigo in Fushimi Ward and JR [Japan Railways] Nijo Station in Chuo Ward. However, matters such as difficulties in negotiating evacuations to make way for the line and changes from surface digging to tunneling required the assumption of additional costs of 226 billion yen. The additional costs were required as the result of 72 "design changes" reflecting modifications in construction methods for a subway line which will extend for a total distance of 12.9 kilometers.

A former vice president of a semi-major general contractor states, "A decisive factor is the degree to which the contracting agency will cover costs associated with changes in construction methods." The industry's view is that if supplemental funding is not forthcoming, the project will have to be completed on an unprofitable

basis. However, contracts covering changes in design, unlike initial designated contractor competitive bidding, are optional contracts. The absence of the competitive process brings an element of vagueness to contract terms.

In the case of the Aichi Arts and Cultural Center, which became the stage for a corruption case between former Deputy Governor Nobuyuki Okuda of Aichi Prefecture and Taisei Corporation, the costs increased by about 3 billion yen because of a change in construction methods from cast concrete to prefabricated techniques. The indictment states that former Deputy Governor Okuda made arrangements that favored Taisei Corporation.

Total Construction Project Segmented

Takenaka Civil Engineering President Fujio Nagasawa states, "You don't know what you're up against in underground work until you actually do the digging. You will be faced with additional expenses because of changes in design." Further, the initial design work is handled by the design company in the case of construction and by the construction consultant in the case of civil engineering work, but the supervision of design work is handled by technicians working for the contracting agency. Some construction industry sources point out that, "The absence of third-party supervision allows for the inclusion of unnecessary steps and the inflation of costs."

Another factor that plays a role in causing high costs is the practice of contracting agencies to break up the total project and to issue contracts in segments. Procurement of materials and equipment by joint ventures formed for each segment of the total project precludes volume buying and the lowering of attendant prices. One leading road surfacing company official comments, "At one time, road surfacing projects often covered more than 20 kilometers, but since 1975 the projects have been smaller and few projects now exceed 10 kilometers."

Protect Small and Medium-Size Companies

The third-sector organization called the Tokyo Metropolitan Subway Rail Construction Consortium that is handling the construction of the loop portion of the Tokyo Metropolitan No. 12 Subway Line has broken up the 28.8 kilometers of the line into 16 project zones to handle the construction work. Sources at the General Affairs Department of the consortium proudly reveal that, "There being 26 stations, we would normally break up the project into 30 zones, but we limited the number to 16."

The construction work involves the use of a separate, expensive shield boring machine in each of the project zones which extend for less than two kilometers. A Mitsubishi Heavy Industries-manufactured shield boring machine was used on the land portion of the British-French Undersea Tunnel and the boring was executed from the land end towards the sea and then back in a U-turn pattern. Each boring machine handled

6.4 kilometers. There is the possibility that citizens of Tokyo will complain that, comparatively speaking, the manner in which boring machines were used on the No. 12 subway line was wasteful."

Kenji Maeda, Japan Federation of Construction Contractors, Inc. chairman, says, "We have asked the Ministry of Construction to issue contracts for large project zones, but we have not had a favorable response so far." A cabinet decision of July 1993 has a section which even goes so far as to read, "Policy for government contracts in relation to small and midsized corporations will be handled so that maximum effort is exerted to issue contracts in small segments."

The total number of construction firms in Japan in 1971 totaled 200,000, but at the end of March 1993, the number had increased to 530,665. However, firms with capitalization in excess of 1 billion yen constitute only 0.2 percent of the total. Firms with capitalization below 5 million yen comprise 55.5 percent of the total, which is an indication that small firms that cannot handle projects efficiently are included in those numbers. However, Seibi Matsubara, former Ministry of Construction official and current Japan Federation of Construction Contractors managing director, defends the current list of 530,000 contractors, saying, "Sole emphasis on efficiency is a proposition unique to the strong."

No matter what the cost savings may be, construction methods for which patents are held by a specific firm or group of firms cannot be used on public works projects. Morikazu Toda, Japan Civil Engineering Industry Society chairman, explains, "This policy is adhered to out of consideration to ensure that profits are not limited to specific groups of firms." Government agencies that issue contracts for public works projects emphasize equal opportunity for general contractors, but are deficient in the perspective of efficient use of taxes collected from taxpayers. Moriyuki Sawamoto, former chief of the New York branch of the Construction Economy Research Center, says, "The U.S. public works bidding system is designed to provide complete protection for taxpayers and there is no system for the development of local small and midsized enterprises."

[7 Nov 94 p 1]

[FBIS Translated Text] Limits of "Restrictions Applicable"—Hard To Eliminate Preference for Local Firms The practice of Akaho City, Hyogo Prefecture, of giving priority to local firms under the designated contractor competitive bidding system for public works contracts is a violation of the Antimonopoly Law. In March 1994, the 47-year-old president of a construction firm in Sayomachi, 20 kilometers from Akaho City, filed a "petition seeking remedial action" with the Fair Trade Commission. It was a first of its kind on a nationwide basis. However, this president is now suffering from a deep sense of frustration and has said, "I'm thinking of withdrawing my petition, because if you fight city hall, you'll be deprived of a living."

Gravity of Unwritten Law

When Akaho City administers its annual load of 200 designated contractor competitive bidding procedures, it classifies the bidders into three categories: 1) local firms with main office located in the city, 2) semi-local firms with branches or operating divisions located in the city, and 3) firms located outside the city. About 80 percent of firms ultimately chosen for contracts consist of about 70 local firms.

The construction firm that filed the petition to the Fair Trade Commission is classified as a semi-local firm. The value of its annual orders total 500-600 million yen. Of those total figures, 200-300 million yen comes from work contracted by Akaho City, but the majority comes from work on which bids were won by local firms and subcontracted to the semi-local firm after deducting an 8-percent margin.

The semi-local firm negotiated with the city by saying, "Local firms are receiving contracts in excess of their capacity and are subcontracting the work. We would like to see more contracts going directly to semi-local firms." However, the city has not changed its policies, as is evident in the words of Deputy Mayor Tomiji Tsurugame, who says, "We must provide increasing numbers of opportunities to the city's small and midsized firms as a means to ensure their development." Having no choice but to appeal to the Fair Trade Commission, the petition was filed but the city ceased to issue any contracts to the firm.

About 80 percent of the public works project work contracted out nationwide consists of work handled by local governments. Although a trend has begun to handle high-value contracts under limited general competitive bidding procedures, the majority are still handled under a designated competitive bidding process. According to a survey conducted by the Ministries of Construction and Home Affairs last year, about 45 percent of 3,300 local government units did not have standards for designation of contractors. In other words, the designations are made at the discretion of the local government authorities and it is an unwritten law that priority is given to local firms.

Even the local legislative councils can be called strong proponents of localizing. Nara became the first local government unit to implement limited general competitive bidding, but was severely criticized in the city council when a major contract was awarded to an "outside" firm.

Local Government Councils Apply Pressure

The project in question was a large underground parking garage. The particular type of project was a first for Nara, and qualifications for bidding included a requirement for capitalization in excess of 2 billion yen and relatively high standards calling for examination of over 1,000 operating factors to evaluate the integrated capabilities of candidate firms. As a result, local companies,

consisting mostly of small and mid-sized firms, were all disqualified and bidding were monopolized by joint ventures represented by major firms located outside the prefecture.

City council sessions immediately following award of the contract served as a forum for the expression of many complaints such as, "The construction market will be invaded by major blue chip firms," and "What sort of taxes do major blue chip firms pay to Nara?" According to city council sources, more than half of the city councilmen receive support from local construction firms and are so-called construction-civil engineering *zoku*. The bidding system study committee of the city plans to incorporate "local firm protection" provisions in the local rules which call for inclusion of local firms in joint ventures bidding on large-scale projects.

Other local governments have also introduced procedures for inclusion of local firms in joint ventures. The municipality of Sendai, which was the source of the general contractor corruption indictments, has introduced a limited general competitive bidding system as the main feature of bidding reform. However, with the exception of special types of projects, all civil engineering projects valued in excess of 350 million yen have been designated as "technical transfer-type projects" which require the teaming of local firms and joint ventures.

Even the local construction industry is desperate to protect localizing. Jisaku Shimamura, Saitama Prefecture General Contractors Association chairman, submitted a petition concerning contracts based on bidding systems to Governor Yoshihiko Tsuchiya on 5 September. The petition covered six items such as the relaxation of conditions that apply to local prefectural firms relative to general competitive bidding, inclusion of local firms in joint-venture groups, and expansion of the number of projects for which local prefectural firms would be at an advantage in terms of designated competitive bidding.

Even during the survey of local firms performed in April by the city of Kobe, strong opposition was voiced against the introduction of general competitive bidding systems with words such as, "We cannot accept the idea of firms that have never done work for Kobe participating in bids for local contracts."

Joint Ventures Translate Into Higher Prices

Although general competitive bidding is mentioned, in all cases it is "limited." "Limited" means nothing more than protection for local firms, such as the imposition of conditions on joint ventures. However, joint ventures not properly constituted can only be a cause of higher costs. The firm that filed the petition with Akaho City claims, "We can complete projects at costs that are 10 percent cheaper than those offered by local merchants." Even leading general contractors admit, "If we were to

submit bids independently, they could be set at levels at least 5 percent lower than in the case of a joint venture."

Among local governments, Akaho City officials say, "There is no reason why bids from nonlocal firms would be lower," while officials at Mitaka City in Tokyo say, "Lower prices means work of a lower quality." However, Tokyo University professor Hideo Nakamura points out, "Highest priority must be given to in-process quality, quality and safety features of completed work, and environmental measures, but it is only proper to eliminate nonessential regulation by local governments and to institute competition on the basis of cost."

The political-bureaucratic-industry adhesive structure in public works projects permeates the nation from the central government to local levels. However, as a reporter pursues the facts for press coverage, he notes that several basic systems exist to protect such a structure. They include the minimum acceptable price system, no public disclosure of the anticipated price, issuance of contracts in small segments, and the tolerance of localizing. Are we going to be able to introduce the basic principles of competition into public works projects? Herein lies a major project that cries for action by the Murayama administration under its administrative reform program.

SDPJ's Kubo Reported in Poor Health

Suffers From 'Temporary Anemia'

OW2501052395 Tokyo KYODO in English 0449 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Social Democratic Party (SDP) Secretary General Wataru Kubo, apparently in poor health, stopped his questioning in the Diet while asking the coalition government of Prime Minister Tomiichi Murayama about measures to be taken in the aftermath of the Jan. 17 earthquake in western Japan.

Kubo, 66, appeared to experience dizziness and fellow Diet members rushed to his aid. He had finished two-thirds of his allocated 30 minutes for questioning during the nationally televised Diet proceedings when he stopped. He returned to his seat for a rest and left about 55 minutes later to receive a medical check after hearing what Murayama had to say in answer to his half-completed questions.

An SDP member quoted the doctor who attended to Kubo as saying that he was suffering from temporary anemia.

"I feel better," Kubo was quoted as saying. "I will continue my questioning this afternoon."

Kubo, second in importance in the ruling SDP following Murayama, the party's chairman, has been busy recently handling matters related to the earthquake and the intraparty struggle to create a new party, his aides said.

Kubo demanded the government soon draw up a supplementary budget for fiscal 1994 to help quake-stricken people and to rebuild devastated areas.

"The measures against the huge quake should be of top consideration for the government," Kubo said. "The government should deal with relief and restoration without sparing expenses."

Finance Minister Masayoshi Takemura, who heads New Party Sakigake, also part of the ruling coalition, said the government has already begun preparing the second supplementary budget for current fiscal 1994 with the aim of drawing it up by March 31.

Takemura also hinted the ministry would compile a further supplementary budget for fiscal 1995 to deal with the quake's damage.

Murayama said "It is the government's responsibility to enable quake-stricken people to restore (their lives and towns) as soon as possible."

Murayama, however, showed reluctance toward enacting special additional legislation to tackle the disaster, saying, "within the present framework of law, we will do all that we can."

Sadatoshi Ozato, state minister specially assigned with responsibility for dealing with the quake's damage, said the government will do its utmost to secure housing for some 300,000 people who have been forced to take shelter at public facilities.

The quake, which occurred at 5:46 A.M. on Jan. 17, killed over 5,000 people and injured more than 26,000, mainly in the port city of Kobe and its neighboring cities.

The 150-day ordinary Diet session convened Friday mainly to discuss the national budget for fiscal 1995 that will start from April 1.

The SDP forms the three-party coalition with the Liberal Democratic Party (LDP) and New Party Sakigake.

Resumes Activities

OW2601064195 Tokyo KYODO in English 0503 GMT
26 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 26 KYODO—Social Democratic Party (SDP) [of Japan] Secretary General Wataru Kubo on Thursday [26 January] was back to normal health after suffering from anemia Wednesday while taking part in questioning in the Diet.

Kubo, 66, was to be hospitalized for a few days to undergo medical checks, but he left a hospital Thursday morning and attended the party's official meetings as scheduled.

On Wednesday during nationally-televised Diet proceedings, Kubo was involved in questioning of the coalition government of Prime Minister Tomiichi

Murayama about measures to be taken in the aftermath of the Jan. 17 earthquake in western Japan.

About two-thirds of the way into his allotted 30 minutes, however, Kubo was unable to continue and had to return to his seat for a rest.

He left about 55 minutes later to get a medical checkup after hearing what Murayama had to say.

Kubo, the second in the ruling SDP to Murayama, who is the chairman of the party, has been busy recently handling matters related to the earthquake and an intra-party struggle to create a new party, his aides said.

* Future Political Alliances Predicted

952B0025A Kyoto VOICE in Japanese Nov 94 pp
106-115

[Article by Masaya Ito, political commentator: "Shinseito Will Collapse"]

[FBIS Translated Text] "The New-New Party" Switching to the Defensive

The new-new party has become active. Encouraged by the overwhelming victory of Mr. Tsuzuki in Aichi Prefecture's election to fill the vacancy in the House of Councilors, they are in high spirits. However, it is not realistic to think that the new-new party would become a strong power to shake the current government. We have seen the limits of the new party movement already. After the next general election a "ho-ho rengo" [conservative merger] era will definitely come.

Why has the new party movement reached its limit? To begin with, the new party movement became inevitable because the circumstances forced it. Under the single-seat constituency system, the parties would be all wiped out unless they join together. This is evident in newspaper poll. If each party goes into election independently, LDP would win overwhelming number of seats (approximately 258 seats). Then all committees would become made up of LDP members, and LDP's one-party government would be revived again.

This would mean death for the new-new party. As a countermeasure, they had to resort to the new party movement. This is not what each party wanted to do. The original offensive nature of the new-new party movement, taking an offensive formation against the LDP and carving their way to the new-new party era, is rarely seen these days.

Money is involved, too. That is the government grant system for political parties. The entire amount is decided by 250 yen times the total population. But unless the ceiling, two-thirds of the previous year's political fund, is set, the framework is ineffective. Since Shinseito [Japan Renewal Party] and the Japan New Party do not have the last year's results, they will only be granted 400 million yen, instead of 1.3 billion yen. However, if the Democratic Socialist Party [DSP] and Komeito join them, they

will be granted the full amount. This difference is substantial. The DSP will no doubt join the new-new party. The problem is Komeito. Depending on whether Komeito joins or not, 10 billion yen may be decreased to 4 billion yen. Komeito must join the new-new party, otherwise the new-new party will stumble from the beginning. And the new-new party must be formed within this year to receive the grant. In this sense, Komeito holds a crucial key for the new-new party.

There are various problems concerning Komeito's taking part in the new party. For example, what will they do about their 600 employees? According to what I have heard, for "KOMEI SHIMBUN" alone, there were 300 employees. They are saying, "We need our newspaper. Let's make it a new newspaper for the new-new party." But this will not be so easy. Will they be able to discontinue the religiously oriented newspaper someday and switch to a new party newspaper? They may have to force their way through. Komeito's voice will become much stronger then.

Another serious problem is what to do about candidates. It is not clear in Tokyo, but in Osaka, Komeito has won the top and the second in each constituency, and Shinseito and the DSP have competed with them. It is predicted that in an election, they will use a strategy where most Komeito members would run in proportional representation constituencies, and "they will put forth Shinseito, DSP, and Japan New Party candidates in single-seat constituencies." However, this may lead to an internal struggle for Komeito.

Concerning the problem of nomination in single-seat constituencies, the LDP, SDPJ, and Sakigake are often talked about. But the new-new party is the same. Whether they like it or not, the situation will progress, and naturally there are many complaints.

The source of energy for the new-new party which has to clear these problems is the assumption that, "in order for a Diet member to survive in a single-seat constituency, he has to join the new-new party." Based on this assumption, the Ozawa strategy to take in all Diet members from the LDP and the SDPJ, whose constituencies will be definitely affected by the division of the single-seat constituencies, will hold good. In other words, this strategy is to mobilize the LDP and SDPJ's "potential seceders," win them over to the new-new party, and gather them to form one major party.

Ozawa tried to accelerate this movement by using posts as bait, saying, "If you come to us, we'll make you a cabinet member or a parliamentary vice minister." He used as bait not only cabinet member posts, but also the post of prime minister. His first target was Michio Watanabe. The LDP at the time was a nongovernment party and was hungry to become a government party. They wanted power. That's when Mr. Ozawa tempted them, saying, "We are not cutting the LDP off. Mr. Watanabe can form a new-new party and become prime

minister. Why don't you leave the LDP and work with us. Then in reality, it would be the same as forming an LDP government."

However, the Watanabe faction did not buy this. "Ozawa is a person who gets the use out of people and then discard them. How can we be deceived by pompous Ozawa?" "Ozawa rejection" phenomenon has set in. The failure to make Watanabe a leader meant that Ozawa's plan for the new party to bring in potential seceders was stopped. This happened when Ozawa was still in the government party and had political power. Now he is in a non-government party. It is extremely difficult to drag out a government party member while in a non-government party.

Ozawa could not have his way regarding the SDPJ's secession problem over concerned "Kaishin" [parliamentary group]. The SDPJ wanted to return to the former coalition. However, Ozawa raised the height of the hurdle. Why? Ozawa judged that SDPJ no longer had a place to go. "If we reject them, they will have no choice but to join hands with the LDP." "However, this would be against the party decision made at the central committee meeting. They also have decided against establishing an anti-LDP second party." He had been secretly informed of their circumstances by the "democrats." Ozawa took an aggressive attitude that, "under these circumstances, we should nail them completely. Have them accept all our demands."

However, the result was completely against what he planned. Although at the seminar with businessmen in Tateshina last July Murayama stated, "Even if there were general resignation of the Hata cabinet, I was going to join the former coalition," I think he had decided to run for prime minister long before that. It takes a week or 10 days to decide on even one thing in the SDPJ. It would have been impossible for Murayama to decide to run for prime minister so quickly. Probably, in response to the LDP's Diet affairs zoku [kokutai zoku], Seiroku Kajiyama's group, Murayama had finally decided.

"The way things are going, both the LDP and the SDPJ will be killed. This is ridiculous. Mr. Murayama must run for prime minister. If you do, we will support you." Murayama made up his mind and agreed.

On the other hand Ozawa played his final card, Kaifu. Mobilizing the LDP and SDPJ rebels, or rather those in the seceder reserve who were suffering from election phobia, Ozawa tried to compete with Kajiyama. Those who voted for Kaifu at that time were 220. This figure, 220, is the limit of the new-new party.

"Ozawa Myth" Has Passed Its Peak

The current political situation has a tripolar structure with the new-new party, the LDP, and the SDPJ-Sakigake. This structure will regulate the current political situation of Japan and is expected to affect the next general election. The same phenomenon was seen in July

1993 already after the general election. Under the political situation as of July 1993, the LDP had 230 seats. Strangely enough, this figure is about the same as the "number of the new-new party Diet members, 220."

After last year's general election, the purely anti-LDP power (five parties, including SDPJ, Komeito, DSP, United Social Democratic Party [USDF], and Shinseito) opposing the LDP had 210 seats total. On the other hand, the LDP had 230. Two pillars, 230 versus 210, were erected, but neither one could hold a majority. And in the middle of these two pillars, another small pillar stood. This was the Japan New Party and Sakigake, whose "marriage plan" had been secretly made between Hosokawa and Takemura. They had 52 seats between them. If these 52 members sided with either one, that would make a majority, and a government-party would be established. If they joined the LDP, the LDP would have 280 seats, and they would have a secure government (this is the current Murayama administration). If they joined the anti-LDP, they will barely make a majority, and a new era government would be formed (this was the Hosokawa administration).

Perhaps Hosokawa had no intention of becoming prime minister. But being persuaded by Ozawa, he gave in. This demonstrated the political dynamics that in a tripolar system, "the head of the party that holding the deciding votes, no matter how small the party may be, can certainly become prime minister under certain conditions." The condition is that the primary party (LDP) is unable to take leadership due to criticism by the Japanese people.

The same thing was done by Takemura this time. During their meeting with the SDPJ concerning government, Takemura said, "Mr. Murayama, If you decide to run for prime minister, we will back you up." This must have been reported in the LDP, and the LDP as a whole said, "Yes, this is it." Their policy that "LDP will not put forth a prime minister, but will support Murayama," was established. This movement was completely in harmony with their party situation which would not allow Kono to be the prime minister.

The Murayama administration, established in this way, is nothing more than an LDP-SDPJ alliance as a measure to cope with the Diet affairs group. The alliance is not strong enough to be able to cooperate in an election. The situation right now is like water in a bathtub. The top (top officials oriented toward LDP-SDPJ unification) is hot, but the bottom (local organizations) is cold. While the best they can do right now (when SDPJ changed its course) is to cooperate in dealing with Diet affairs, it is hardly possible for them to have a system to cooperate in elections, as you can see in the result of the House of Councilors election in Aichi to fill vacancy. Therefore, until the bottom of the bath tub also becomes hot, they must maintain their power by concentrating on Diet affairs.

In other words, the Diet cannot be dissolved so quickly. That is impossible. The longer the election is delayed,

the better. The longer they could hold power, the better. No question about that. In this sense, although the Murayama Cabinet is a caretaker government, it is not a government to conduct an election but is destined to delay the election.

The government party may not intend dissolution, but a no-confidence vote may be passed and the general resignation of the cabinet may become inevitable.

However, I am sure that a no-confidence vote will not be passed until next summer's House of Councilors election. This is because the new-new party must have 10 more people on its side in order to pass a no-confidence vote, which would bring about a complete change in the political situation.

Currently the quorum for the House of Representatives is 511. If you exclude the chairman and one vacancy, this becomes 509. A majority would number 255. Non-government parties all combined have 194 seats, which is 46 less than that of the government parties. In these 46, there are those who voted for "Kaifu" instead of "Murayama," or SDPJ members who rebelled by being absent. The total of these is 36. This brings the difference between the government party and the non-government parties to 10. This is the barrier for the new-new party. These numbers have been calculated by those who are close to Ozawa in the new-new party. Somehow they did not include the number of LDP rebels in their estimate. This is very interesting. It means that they even know that those who seceded from the LDP have completely stopped their activities.

In other words, just as in Mitchie's [Michio Watanabe] case, the seceder reserve is not moving at all. The idea that rather than switching to the new-new party and getting elected in single-seat constituencies, it would be better to run on a LDP ticket in proportional representation constituencies has been established. This can only be explained by the fact that the "power freeze effect" has set in. Put another way, it is the belief that, even if the single-seat constituency system goes into effect, it is possible to be elected if they run on the government-party ticket. The view that, even in a worst case, they can win in the proportional representation constituencies, has spread widely.

The fact that the seceder reserve is not moving means that the new party cannot grow. That is, as mentioned earlier, the new-new party can only obtain 220 to 230 seats maximum.

This becomes very clear when we look at the issue concerning the head of the party. As an opponent of Murayama, Ozawa finally proposed Kaifu. However, Kaifu was not Ozawa's real choice. It seems that Ozawa had negotiated to support Taro Nakayama of the LDP. Nakayama thought about it very hard and "was tempted, but finally decided not to accept the offer." Nakayama even met with Kaifu and told him, "I have declined. I am sure that Ozawa will come to you next, but don't accept it."

Despite Nakayama's advice, Kaifu went forward with Ozawa's proposal. But there was no way Ozawa could have estimated the number of votes Kaifu would get since he had been thinking about Nakayama all along. He had no confidence. But he had to go forward with Kaifu not knowing what to expect, and, as a result, he lost a bet. However, it seems his bet was attractive enough to have a former LDP prime minister and vice minister violate a party decision.

It was a major defeat. But I think that the point that "Nakayama declined" is important. The fact that even the promise of prime minister and party president seats could not sway Nakayama, proved that there was no new-new party boom, that mobilization of the seceder reserve could not be counted on, and that the Ozawa myth had already passed its peak.

SDPJ Must Not Fail To See Its Political Enemy

What will happen in the next election? First, I would like to point out the SDPJ's problems. The SDPJ will only have two choices. One is to work toward unification of SDPJ-DSP liberal forces. The other is to ally with the LDP and the two parties would have to cooperate in voting also. There is also another choice, which is to join the new-new party. However, considering the development of affairs so far, this choice would not be possible. In order to force this, the new-new party would have to do something sensational like make Hokkaido Governor Yokomichi its party head. But this would be the SDPJ version of the "Mitchie Watanabe incident."

Let's consider the possibilities for SDPJ-DSP liberal forces and LDP-SDPJ cooperation. First, there is no prospect for the SDPJ-DSP liberals, as Akira Yamagishi also has given up. Therefore, the possibility of unification of liberal forces is very small. Consequently, the only way left for the SDPJ is to be connected with LDP together with Sakigake.

Murayama made a drastic change in policy line, which surprised the public. But, for a party to change its direction is the same as "abandoning the weapon they have been using." Human beings are always insecure unless they are "holding something in their hands." They cannot let go of what they had unless they obtain "something more useful than what they had." Actually, a political party should obtain power through its political line. However, the SDPJ has obtained "power" and "let go of its political course." It went against the social norm. Since policies are the means to obtain power, that is okay. However, if this power does not last long, the SDPJ would lose its policies and power at the same time, and that would be its end. Therefore, the SDPJ must make this power last as long as possible, and make it useful for the next new "policy development."

The SDPJ is in a tough situation right now. It only has passive policies, such as its role to slow down the LDP's expansion policy, improve postwar compensation, prevent corruption, prevent military expansion, and reduce

armaments. The party does not have anything to promote positively. Issues of AIDS and environmental measures have been already emphasized by the LDP. And yet, the SDPJ will survive the next election and remain in the tripolar system. And that, as the key party. This is because of the following reasons.

There is no other way for the SDPJ to survive than to join hands with the LDP and Sakigake. In the recent Aichi election, the coalition completely split and suffered a crushing defeat, worse than anything they had expected. This result was due to LDP and SDPJ election measures that missed the point. The LDP-SDPJ alliance had no election measures. Actually, the existing condition did not allow them to have any election measures. If they go into the next House of Representatives election in the same manner, the LDP would suffer a great blow, and the SDPJ would cease to exist.

The SDPJ has lost sight of its enemy, as you can see in its recent voting behavior. The Murayama administration's enemy is the "Ichi-Ichi line" [alliance of Ichiro Ozawa and Yuichi Ichikawa]. Forgetting to fight them, they think their enemy is the LDP. "While opposing the party's central administration, their existence may be denied by the new-new party." The members feel very much threatened. They feel they have no choice but to go along with Murayama, though reluctantly. And in a while, they will not be able to oppose the central administration either. The way things are going, there may be no SDPJ Diet members in the future. It must be agonizing for them.

What if there's an election? In order to survive, they will have to take action as if "marrying someone one does not like, and bearing his children." Therefore, they feel they don't have to get maximum number of seats. They just want to survive, though it may mean status quo. This is the tendency they have now. In other words they are going through "rejection toward the new party movement."

The same can be said about the LDP. Mitsuzuka has said, "We will postpone the election as long as possible, at least three years. We will compile a budget three times." This is a manifestation of the same feeling. It is certain that the coalition of three parties, the LDP, the SDPJ, and Sakigake also has problems. However, under the new election system, I can say that "the party in power has the advantage."

Assuming the election is postponed. What will happen when the election does come?

According to ASAHI SHIMBUN's estimate, when the LDP and Sakigake compete in the election separately, the new-new party will have 230, and the LDP, 190. The total will be 420. My prediction is about the same. Since the total under the new election system is 500, the number of remaining seats would be 80. the Japan Communist Party would have five, leaving 75 remaining. These would be shared between the SDPJ and Sakigake.

Under the tripolar system, if an election is conducted, the LDP's 190, plus the SDPJ-Sakigake's 75 would make a total of 265. The number of seats the new-new party would have is 230. They would not be able to take the majority. Again the deciding vote goes to the SDPJ and Sakigake. This means that the same form of administration will continue.

Transfer is difficult in a single-seat constituency. Since candidates compete as if they were engaged in a man-to-man fight, they cannot change sides and flop to another party in a constituency. Though Koji Kakizawa obtained the post of minister of foreign affairs by transferring to another party, such an action would not be allowed under the single-seat constituency system.

Hence, in the next election, the SDPJ would remain as a key party together with Sakigake.

LDP Will Undermine Shinseito

As the new-new party is reaching its limit, and the LDP and the SDPJ have no choice but to cooperate, then, a "conservative merger" is the only answer to the future political situation.

The conservative merger that I am referring to includes the LDP, the current SDPJ, and Sakigake. With the union of the SDPJ, which has changed its policy, the LDP, and Sakigake, a "legitimate conservative group" can be established.

As I explained earlier, currently what they have is the LDP-SDPJ alliance, mainly for dealing with Diet affairs, with the political coloration of being against the "Ichi-Ichi alliance." However, by the next election, it will become a true alliance, including cooperation in elections. If people vote for the coalition consisting of the LDP, the SDPJ, and Sakigake, these parties will not be able to separate so easily, because of people's approval. And the lower organizations of the SDPJ would no longer be able to complain. Let's call this conservative merger of the LDP and the SDPJ a "modified conservative merger."

The modified conservative merger resembles Japan when it lost World War II. Despite the fact that it had been fighting with the United States, it surrendered to the United States unconditionally upon its defeat, and accomplished reconciliation between the two nations. Then, Japan recovered its footing through economic growth. The SDPJ would have to do the same thing. Its attitude will change when it realizes, "We are going to be killed. The new party is the opponent to kill us." It will begin to work toward reconciliation.

In order for the SDPJ to do this, first, it must stay in power longer. If those who wish to secede begin their full-scale movement, the "barrier of 10 seats" would be broken through easily, and a vote of no-confidence would be passed quickly. This crisis may begin next summer, after the general election, namely after the House of Councilors election. Since the SDPJ would not

win so big in the House of Councilors election, there will be those who may blame them, saying, "We worked hard for them, and still they could not win. That's because they did not have the cooperation of the LDP." They will forget their enemy, and think whoever did not cooperate with them is the enemy." From there on, the coalition government's unity will be broken. As is always the case with a coalition government, "a halfway administration" will continue. But since this government was established thanks to Ozawa, they must endure though they may have contradictions, and they must prepare "conditions for victory" for the next general election.

The "conservative merger," as we have recognized it, was an alliance of the LDP, Shinseito, and Komeito. This was a conservative merger centered on Shinseito, as you can see in what Ozawa tried to do, such as undermining Mitchie and the appointment of Kaifu as the head of the party.

The modified conservative merger has the form to cut through the traditional conservative merger, but also it has a form of a conservative merger with the LDP in the center.

If the new-new party does not grow, there will certainly be a rebellion in Shinseito. Just like the LDP in the past, they will say, "We cannot stand being an opposition party." Then, the LDP's approach of undermining will begin.

Some in the LDP say, "Let's join hands with Shinseito, even if it means kicking Yohei Kono away," while Shinseito says from now on "let's join the LDP, even if it means kicking away Ozawa and Ichikawa." The new party movement will end when the numbers are decided. It would be impossible for the new-new party to secure 260 seats (thus establishing a one-party government). Therefore, they have to ally with another party. It would not be possible for them to ally with the SDPJ and Sakigake. Then, for Shinseito, there is only the LDP. Now, it is time for the LDP to "do pole-and-line fishing." It has the leadership, since it has a greater number. It would be a new type of conservative merger, different from the one led by Ozawa. Shinseito would have to assume the defensive and its downfall would be imminent.

This development is inevitable. The new-new party would not be able to stand it, if it is isolated with 220 or 230 seats after the election. Gotoda thinks this way. Gotoda has said, "After the election, there will be a new reorganization. The political reorganization will become clear."

The key person in that case will be none other than Takeshita. Kozo Watanabe, Kazuo Aichi, Koichiro Aino, and Keiwa Okuda, for example, would come right back to the LDP, when asked by Takeshita. Even now, they are saying, "This situation is Ozawa's fault." There is a good possibility that they will return to the LDP if something should happen. In other words, they will have

a coalition government, consisting of a Shinseito-Komeito block, excluding Ozawa and Ichikawa, and the LDP. This government would be a coalition of two major parties that share the same belief and characteristics. The SDPJ and Sakigake will no longer be needed.

What I am concerned about in this case is that the former Keiseikai will be reestablished in this conservative merger. Strictly speaking, it would be "a revival of the Keiseikai without Ozawa." Then what significance did policies and the new party movement have? Of course, I do not think that the former Keiseikai will revive completely. First of all, public opinion will not allow it. However, in the final analysis, the Keiseikai, which had been divided, could not take the leadership away from Ozawa and Ichikawa and get back together under the leadership of Takeshita again.

As for the prime minister candidate in the new type of conservative merger, it would be Obuchi. Obuchi is a dark horse. But if there is to be a puppet prime minister, Kono may be chosen. This will become clear in the next personnel change in the LDP. Concerning the three top executives, they may keep Mori as secretary general, but they may appoint Taku Yamazaki as chairman of the Policy Affairs Research Council instead of Koichi Kato, and Shigeru Kasuya for chairman of the Executive Council instead of Kibe, thus changing two of the three. And this will be done with Takeshita's approval.

It is not certain at this point if the LDP will go forward with the SDPJ or if it will try to ally with Shinseito. This will depend on the number of seats that the LDP wins in the next general election. If the LDP becomes dominant and the SDPJ-Sakigake and the new-new party blocs do not do well, the possibility of the LDP allying with Shinseito will increase. However, on the whole, a "conservative merger" will be necessary in the end.

Although the LDP leads this movement, the key party is still the SDPJ. While being in the system where the SDPJ and Sakigake work together with the LDP, it will be the new-new party to turn to the LDP.

While in the United States, Ozawa boasted, "We are going to establish the new-new party by the end of September. We will become the primary party in the election system with the single-seat constituency." If they are able to obtain a majority (250), the ruling power will go to Ozawa without a doubt. However, if the SDPJ and Sakigake do not follow them, he will be isolated even with 230 seats, and will still have to remain in the non-government party. Then his party will only be undermined by the LDP or the SDPJ. The elections these days do not allow any party a majority. To be isolated in the coalition age means starving to death.

Ozawa himself is the one who created such a political situation. By this, Ozawa's new party will become just like the pre-Murayama administration LDP. In the coalition age, 230 seats means nothing if you are isolated. Not knowing this, Ozawa had assumed that his party

could get 230 seats, and, concluding that according to the regular constitutional way, the new-new party would take power after the next general election, he criticized, "The LDP and SDPJ's policies do not mix, they are like oil and water. This coalition will surely fail to function properly."

Certainly, it may become dysfunctional. However, since the SDPJ has completely changed its policy, the difference in policies appears to have been solved. Concerning the complaints of the SDPJ's lower organizations, the circumstances will change if they are given "something different." At present, these lower organizations do not understand the taste of power, nor do they have a sense of accomplishment that they drove Ozawa out of power. Instead, they are feeling that they have been defeated by their political enemy, the LDP. By dealing with this psychological distortion and filling the gap between the reality and their feelings, the problem will be settled.

The Murayama administration will be prolonged. However, it will not last until Murayama's term expires. In the end the Diet will be dissolved under the tripolar system. That time frame will be determined by how much the LDP and the SDPJ will be able to put up with each other, just like an argument between a married couple. "We cannot stand each other. We cooperated until now to hate Ozawa. But we've had enough. Due to incompatibility, we want a divorce." Japanese people will judge them at last by voting.

What I have written so far is a long-range outlook. To add to it, the outcome of the next election has been predicted. It is a rather bold prediction. However, studying the current situation carefully, I have to conclude that this is the direction it is taking.

*** Interview With MITI Bureau Chief Tomi Tsutsumi**

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[Interview with Tomi Tsutsumi, MITI Industrial Policy Bureau chief, by unidentified KANKAI reporter; place and date not given]

[Text] [Boxed item: Tomio Tsutsumi was born in Gunma Prefecture on 29 July 1938. He graduated from Tokyo University (Faculty of Law) in 1962. In the same year, he joined the Ministry of International Trade and Industry [MITI]. Prior to assuming his present position as head of the ministry's Industrial Policy Bureau, he served as manager of the International Economic Affairs Division, International Economic Affairs Department, International Trade Policy Bureau (MITI); manager of the Personnel Division of the Prime Minister's Secretariat; manager of the Public Utilities Department of the Agency of Natural Resources and Energy; deputy chief of MITI's Industrial Policy Bureau; head of MITI's International Trade Administration, Consumer Goods Industries, and Industrial Location and Environmental Protection Bureaus; and as director general of the Agency of Natural Resources and Energy.]

Competitiveness of Key Industries Weakening

[KANKAI] First, I'd like to ask you about some of the weighty problems that you face, such as the current industrial climate, the unrelenting rise in the value of the yen, the decline in competitiveness of Japan's key industries, trade tensions, and deindustrialization. Could you tell us your thoughts about industrial policies that might counteract these problems?

[Tsutsumi] We have two main types of industrial policies, short-term and long-term. The monthly economic report for September shows that the economy is on its way to recovery. So, in addition to economic measures, which fall into the short-term category, we will have to analyze the structural problems connected with the current recession, and develop countermeasures accordingly.

An analysis of the structural problems suggests that we can attribute them to three causes. One is the high yen, and the resulting harmful effect on businesses. In my search for the reason for the rise of the yen, I have come to believe that it is the continuing surplus of 130 billion yen. There must be something we can do about that.

Then, another factor is one that is completely opposite the high yen, that is, the widening gap between domestic and foreign prices. This means, among other things, that Japan has become a very expensive nation to live in.

Consumers are not experiencing advantages proportional to the yen's rise in value. One dollar is worth only about 200 yen. The yen that businesses are using is equivalent to 170 yen in terms of purchasing power parity. What sort of effect does this have? It means that firms that depend on imported materials are paying high labor costs in a nation where the dollar is worth only 200 yen. They are paying dearly for domestic services and materials, 170 yen per dollar, and competing at 100 yen.

In a climate like this, restructuring individual corporations is not going to solve the problem. Suppose automobile manufacturers restructure, and steel companies, the suppliers of their main raw material, restructure. Even that won't solve the problem.

People talk about Japan's two-layer industrial structure. We have one dollar-200 yen industries, and one dollar-100 yen industries. I don't think that our economy will run smoothly unless we make broad changes in Japan's economic structure.

You asked about the decline in key industries' competitiveness. Until recently, Japan boasted superior technology and superior production systems. But even though individual industries may still be competitive, on the whole, Japanese industry's competitiveness has gradually begun to decline.

Then (and this is related to my comments about the high yen and the discrepancy between domestic and foreign prices), the third factor concerns our leading industries,

the engines that pull Japan's economy (for example, the automotive and consumer electronics industries). These industries have, for the most part, matured. The result of that maturing is that for the industries that depend on imported materials, Japan has become a very difficult place to do business.

Also, and this is a societal problem, we know that Japan's population is aging rapidly. Now there is one senior citizen for every five employed people. But in 2020, this ratio will have become 3:1 and, in 2020, 2:1. This problem must be addressed, too.

So, what do we do about industrial policy for the medium term?

But before I discuss that subject, I'd like to talk about the maturing of industry. That phenomenon is, in a sense, a purely Japanese one. But if we look at it from a broader perspective, we see that it is a phenomenon common to all advanced nations, due to the changes that have occurred during the past five years—the collapse of the Berlin Wall, the entry of the East European nations into the world market, and the industrialization of nations in the southern hemisphere and their emergence as part of the world supply structure.

Therefore, it appears that, in the future, industrial policy will be based on three main premises. The first is that the main reason for the current account surplus is an overly high savings rate and an overly low investment rate. Therefore, we have to remedy this deficiency in investment by making investments in social capital here at home to prepare for the aging of our society. If we fail to do this, we run the risk of seeing the yen rise even higher.

The second is an overall restructuring of Japan or, in a word, deregulation. Regulations worked well for Japan during the period of rapid growth, but not all of them are justifiable in this age of fierce competition. We must adopt policies that incorporate competitive principles based on accountability.

The third is the need to develop new industries, since some corporations are experiencing hard times.

I think that the items I have just mentioned, investment in social capital, deregulation, and the opening up of new industries will be the three mainstays. I think that using them to create jobs is a goal that all advanced nations will have in common, as I stated previously.

Need for Structural Reform

[KANKAI] This is in connection with the industrial policies you have just described. I believe that the Industrial Structure Council's Subcommittee on Problems Concerning Industrial Structure prepared a report entitled "The Outlook for Japanese Industry in the 21st Century." Are the arguments in that report consistent with yours?

[Tsutsumi] Well, the subcommittee's report uses statistics to examine the industrial policies I mentioned. It also

examines the adoption of all three policy mainstays that I described, that is, a tripartite policy.

We are faced with the high yen, a high cost of living, the maturing of our leading industries, and an aging society, as I said before. In addressing these problems, we have proposed policies based on the idea that we must implement a tripartite structural economic reform. The research involved examining two eventualities: what happens if we make structural economic reforms, and what happens if we do not. When the report was issued, the scenario describing a smoothly running economy caught everyone's eyes. We were told that it is overoptimistic, but the report also includes pessimistic scenarios. It cites 12 areas that show promise for the future. I'm talking about seed industries, such as information processing and communications, new energy sources, and new manufacturing systems. These are industries that may emerge when new technologies are developed and when there is a demand for products that satisfy our daily and cultural needs, for instance, products that have something to do with the environment or welfare. The idea is that if structural economic reforms are based on this tripartite policy, new industries in those 12 areas will be born. If things go according to that scenario, by the year 2000, there may be growth of 3 percent, and subsequently, 2.5 percent.

The report also predicts that the current account balance should decrease until 2000, and that there should continue to be a surplus equivalent to 1 percent of the GDP for an indefinite period of time.

Then, how does the scenario look if we don't make structural economic reforms? First of all, the growth rate will decline by about 50 percent. The employment situation, in particular, will worsen. There will be approximately 5.5 million fewer jobs, mainly in the manufacturing sector, the deindustrialization scenario.

Consequently, the current account surplus will persist stubbornly, remaining as large as it is now. Deindustrialization will continue and, by 2010, the current account surplus will have become a deficit.

The significance of this particular scenario is that exporting industries will gradually disappear, and other industries protected by regulations will survive. Since there will be many more senior citizens then (this will be the case regardless of what happens to the economy), our society will have lost its vitality. These are the two scenarios that have been proposed.

[KANKAI] Since the worst-case scenario is an unappealing one, we must do everything we can to keep it from materializing. But isn't that the responsibility of the entire government, rather than that of one ministry, MITI?

[Tsutsumi] It certainly is. Improving the efficiency of Japan's economy is a task for the entire government. For instance, the cabinet is taking care of deregulation, and

has established a Headquarters for the Promotion of Administrative Reform [gyosei kaikaku suishin honbu]. The cabinet has also set up a Headquarters for the Promotion of Computerization [jyouhouka suishin honbu], which is working on computerization.

At MITI, we've formed our plans, and those divisions that can handle areas such as electricity, gas, and petroleum, independently, are hard at work. That work is being done by our ministry as part of the government.

[KANKAI] And the Industrial Policy Bureau is the flag-bearer for industrial policy?

[Tsutsumi] I suppose so.

High Cost of Living Distorts Economy

[KANKAI] With reference to deindustrialization, there is the matter of the high yen, but some say that our presence in Southeast Asia may have positive aspects in terms of the international division of labor. Of course, this results in fewer jobs in Japan, but the effects are not all negative. At least, that's one opinion that has been offered. How should we interpret the deindustrialization problem?

[Tsutsumi] There are two sides to the deindustrialization argument. What is certain is that there will be less industry in Japan in the future, especially manufacturing.

But if we look at the situation from another point of view, we can see that to a certain extent, expansion overseas is not a bad idea, since it affords an opportunity for balanced development worldwide, and for correcting the current account surplus.

If we broaden our outlook further, and remember that the gap between North and South remained unchanged for years and years, then the view that overseas expansion has a balancing effect on the world looms even larger.

We have even encouraged overseas investment because it would help reduce the current account surplus.

However, the council's report also discusses the deindustrialization problem in detail.

Behind the increases in foreign investment is the distortion of Japan's economic structure, leading to the gap between domestic and foreign prices, which in turn has made Japan a difficult place for manufacturers to operate. I realize that this is a regrettable situation.

However, I don't think we should go in the direction of discontinuing our overseas investment. We should correct the distortions in Japan's economy.

I don't see the wisdom in curbing a trend that is moving in the right direction, at least from the viewpoint of global economic principles. But I'm convinced that the facts that Japan has such a high cost of living and that

manufacturers are going abroad are evidence of the distortion of Japan's economic structure.

Encouraging New Industries

[KANKAI] Hasn't the government, or MITI, come up with policies for correcting the cost-of-living problem, or for nurturing new leading industries that will supplant Japan's former mainstay industries?

[Tsutsumi] Policies like these cannot be developed in a short time, but we intend to include these in our agenda for the next fiscal year. We will probably suggest deregulation as a means to decrease the high cost of operating in Japan.

Another advantage of deregulation is that, with the easing of regulations, it will be easier to establish new industries. Therefore, deregulation will be an extremely valuable tool for industrial policymakers.

With many nations attempting to revitalize their economies, deregulation is becoming a world trend. The question we must answer is: Will new industries emerge if we do not deregulate? I think that would be unlikely within the context of Japan's current system.

One reason is that, in the over-the-counter market, venture businesses trying to amass funds are having very little success. It's not that there isn't any money in Japan. The problem is that the standards they must meet in order to be listed are ill-defined, creating major hurdles for venture businesses. To solve that problem, we must create a new system so that companies wishing to start new industries can receive support from the cradle to adulthood. Then people who have developed good technologies will be able to refine those technologies, start businesses based on them, and get those companies listed. I would like to develop measures that work like an escalator, ones that will combine various means of support.

Since 1991, the number of companies going out of business in Japan has exceeded the number of startups. Since the entrepreneurial spirit seems to be declining here, I'd like to do something to stimulate it.

For instance, as a first step, we could distribute small amounts of money to a large number of people to be used to defray the expense of technological research, and then select those with the best results. From there, we could proceed to the second and third steps. At that point, there should be some people for whom the Venture Enterprise Center will provide guarantees of obligation so that the banks will lend them money. They also might be able to obtain additional financing from government-related organizations. One possibility is the Small Business Investment Co., which could help new companies get listed. That's the sort of process I envisage. I'm trying to develop an orderly system that would nurture such companies.

In the United States, there is a selection process for venture businesses, venture capital, and new companies, as well as a support base for nurturing new companies. We should attempt to learn from the U.S. system.

[KANKAI] Small businesses serve an important role, don't they.

[Tsutsumi] Yes, they do.

Industries, Not Services

[KANKAI] These are not short- or medium-term concepts, but is it correct to assume that the words "environment" and "computerization" will have key positions in the industrial policy of the future?

[Tsutsumi] Without a doubt, as a new area of demand, computerization, supported by technology, is a field that shows promise for the future. We think that it is a vital field, an area of demand that will continue to grow, to the point that we have allotted approximately half of the 220 trillion yen hypothesized in our *Vision* to information processing and communications.

As far as the environment is concerned, that falls into the "needs" category. What will we want in the future? I don't think it's going to be a second car, or anything like that. We will want good health. We will want welfare, medical care, housing. In that context, "environment" is a very important word.

When people hear the word "environment," they often associate it with preventing pollution, since it has an immediate and harmful effect on human beings. But the demand for solutions to the carbon dioxide gas problem and for waste disposal methods will become even more great as the economy grows. We have to create a mechanism that examines ways in which to meet that demand. Thus, we have demand for two types of industry, one of the technological "seed" type, and the other, of the needs-oriented type, but the two types have attributes in common.

One of these attributes stems from Japan's having become an advanced nation, and another from the fact that we have become an aging society, hence our need to be concerned about the environment, information, and medical care. Such demands are usually far less pressing in developing nations. In other words, one feature of Japan's domestic demand-driven industries is that they won't be competing with developing nations any time soon.

Furthermore, and this does not pertain only to computerization or the environment, it is important for us to pursue the idea of focusing the running of the economy on these domestic-demand areas, in terms of reaching a delicate balance, while decreasing the current account surplus and maintaining economic growth.

[KANKAI] A look at Japan's economy during the postwar period shows that the industries that have kept Japan in the black, first textiles and shipbuilding, and

later automobiles and electrical equipment, have matured. According to some sources, due to the recent recovery of the U.S. economy, there may be another reverse in the relative positions of Japan and the United States, especially in automobiles and electrical equipment. I know that you wish to nurture leading industries, but what is going to happen to the industries that have made our nation prosperous?

[Tsutsumi] I've been talking about the industries for which there is likely to be a demand, but I haven't said anything about which industries are likely to grow. Looking at the Industrial Structure Council's report with that in mind, I'm inclined to think that the leading industries of the future will not be of the "Mt. Fuji" type, but of the "mountain range" type.

For instance, the "base of the mountain" in the housing industry is extremely wide. The environment industry, too, is related to areas such as machinery and chemistry. Therefore, when we enter the industries that we think will grow into the Inter-Industry Relations Table, taking into account the areas where demand will increase, and do some calculations, we see that there will be a ripple effect on many other industries.

Incidentally, there is another interesting proposal in the subcommittee's report. There is a lot of talk about the increasing importance of services in the economy. No one has said these exact words, but somehow I get the impression that they're talking about a post-industrial society. However, the medical care industry, for one, is going to experience tremendous growth. And I've become very much aware of the huge amount of equipment it uses.

Even though the economy is becoming more service-oriented, I don't think we're going to be saying goodbye to industry. Services that will grow in the future will need a lot of hardware. Let us use medical care in remote areas as an example. A physician might be able to examine a faraway patient using interactive HDTV [high-definition television], assuming the appropriate equipment were available on both ends. Such a system would call for a lot of hardware. The conclusion of the argument in our report is that services and industry will reinforce each other's development. The council's report uses the words "creating dynamic systems." This describes a situation in which software, hardware, services, and manufacturing industries will develop synergistically.

The proliferation of service industries has traditionally been used in another sense, to describe deindustrialization, but it seems that there are other sides to the story.

I don't think our existing labor-intensive industries will be able to compete with their counterparts in nations where the labor cost is one-tenth what it is here. Those industries will have to yield to economic principles. Which industries will survive? I'd like to go back to what I said earlier about demand based on the sort of technology one would expect in an advanced nation, industries supported by technology, and industries that

respond to the needs of an advanced nation. Those are the ones that will grow, and the ones that Japan should encourage. I don't think they will be one-trick industries like the automobile or the electrical appliance industries.

North Korea

ROK 'Military Provocation' in DMZ Alleged

SK2601080795 Pyongyang KCNA in English 0433
GMT 26 Jan 95

["S. Korea Continues Military Provocations"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—The South Korean puppets have committed one military provocation after another in the demilitarized zone (DMZ).

On January 24, they brought military vehicles pulling vulcan guns in broad daylight into a military police post in the DMZ in the western sector of the front and gravely threatened the safety of soldiers of the Korean People's Army, taking a firing posture.

On the same day, they also brought hundreds of bandits armed with machine guns and automatic rifles into different places in DMZ in the western and eastern sectors of the front and fostered the atmosphere of confrontation, blasting scores of explosives.

This is a deliberate and premeditated move of the Kim Yong-sam group to drive the situation in the Military Demarcation Line (MDL) area to a perilous phase.

The South Korean puppets must stop running wild and promptly withdraw all the lethal equipment and armed bandits they illegally brought into the DMZ, deeply aware of the grave consequences to be entailed by their ceaseless military provocations in the MDL area.

Papers Support National Conference in Panmunjom

SK2601102895 Pyongyang KCNA in English 1007
GMT 26 Jan 95

["Most Positive Step for National Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—Newspapers here today carry commentaries fully supporting the steps, which were taken at the joint meeting of political parties and public organizations of the Democratic People's Republic of Korea held on Tuesday after discussing measures to open a new phase for national reunification.

The meeting adopted an appeal to the political parties, organizations and people from all walks of life in South Korea and overseas. The appeal respectfully proposed that fellow countrymen at home and abroad should get

together at Panmunjom on August 15 this year to grandiously celebrate the 50th anniversary of the country's liberation on a nationwide scale and hold a great national conference there to discuss and confirm the nation's common way of reunification.

This is the most positive step to make this year a historic year when a turning phase of national reconciliation, unity and reunification will be opened, stresses NODONG SINMUN.

The paper goes on:

If the nation jointly celebrate the 50th anniversary of national liberation in a grand style, it will provide a good opportunity for the North and the South to dispel misunderstanding and distrust between each other as well as for the fellow countrymen of the same blood to get reconciled to one another for unity and launch a more dynamic grand march for reunification.

And if the representatives of the nation get together and confirm the common way of national reunification joining up their minds and wisdom, the whole nation in the North, South and overseas will launch the reunification movement on a nationwide scale, pooling their efforts and taking a concerted step for the common goal, and thus bring earlier the day of national reunification, the cherished desire of the whole nation.

It is impossible to define the nation's common way of reunification only with ambition and wisdom of some specific persons.

All those who are willing to realize the reunification in the 90s, whether they be in the North, or in the South, or overseas, and whether they be communists or nationalists, rich or poor, atheists or believers, must take an active part in the August 15 grand reunification festival and the proposed great national conference, transcending all their differences.

In order to ensure successful grand reunification festivals common to the nation, which will be held with the 50th anniversary of national liberation as an occasion, it is urgent to remove all obstacles to them.

The Koreans in the North, the South and overseas should continue their vigorous struggle to check and frustrate the South Korean puppets' anti-reunification confrontation moves and abolish the "National Security Law" and all other institutional and legal mechanisms in South Korea, which are blocking contact and dialogue between the North and the South and reunification.

MINJU CHOSON stresses that all the patriotic forces in the North, South and overseas will smash all the provocative and obstructive moves of the separatist forces and certainly and successfully hold the August 15 grand reunification festival and a great national conference, closely rallied under the banner of the 10-point programme of the great unity of the whole nation.

Delegation Leaves for U.S. Reactor Negotiations

SK2601105195 Pyongyang KCNA in English 1042 GMT 26 Jan 95

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—A delegation of the Democratic People's Republic of Korea led by Kim Chong-u, vice-chairman of the State External Economic Affairs Commission, left here today to participate in the second round of the DPRK-U.S. negotiations on the provision of light water reactors, which are to be held under the agreed framework reached between the two sides.

The delegation was seen off at the airport by Choe U-chin, vice-minister of foreign affairs.

U.S. Hard-Line, Conservative Forces Denounced

SK2601013895 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 25 Jan 95

[Commentary by Kim Ho-sam: "An Anachronistic Way of Thinking Should Be Discarded"]

[FBIS Translated Text] The U.S. hard-line conservative forces are revealing a new movement to push for a policy of force in Northeast Asia.

According to a news report, during his junket to Japan, Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, clamored about the so-called threat from our Republic, while emphasizing the existence of the U.S. military in this area.

Former U.S. Secretary of State Baker has also said that the United States should maintain a policy of force in Northeast Asia.

In the meantime, giving thought to the post-Cold War situation in Northeast Asia, including the so-called nuclear issue of our Republic, the U.S. Department of Defense has reportedly worked out a new strategic plan in which the U.S. Forces in Japan and South Korea would be maintained for ten more years.

This shows that, in Northeast Asia, including our country, the U.S. hard-line conservative forces are still sticking to a policy of justifying the long-term maintenance of U.S. Forces and of trying to use force, while running counter to the current trend of peace and the reduction of tension. This also runs counter to the spirit of the hard-won DPRK-U.S. framework agreement—now in the process of implementation—which is not beneficial to the DPRK or the United States.

The DPRK-U.S. framework agreement stipulates that both the DPRK and the United States will make joint efforts for the denuclearization, peace, and security of the Korean peninsula.

This agreement is also a historic document of great significance in solving the nuclear issue of the Korean peninsula at its source and in guaranteeing the peace and security of Northeast Asia and the world.

Therefore, if they are rational politicians and military officers, they ought to do such things that are beneficial to the implementation of this agreement.

We can say the situation is proceeding smoothly based on developments since October 1994.

Our Republic is faithfully implementing what is in the DPRK-U.S. framework agreement; and the U.S. Administration, too, is doing what it should do.

The DPRK and the United States have already conducted several rounds of experts' negotiations. It is expected that such negotiations will continue in a mutually serious atmosphere in the future, too.

In conformity with the demands of the framework agreement, the United States supplied us with 50,000 tonnes of heavy oil, which was scheduled to be provided by 21 January; and, on schedule, the United States also took measures to ease the restrictions of telecommunication services, settlement of finances, trade, and investment. This shows that the DPRK-U.S. framework agreement is being implemented according to schedule.

The world welcomes this and expects that DPRK-U.S. relations will also develop smoothly in the future.

Under these circumstances, unable to depart from their Cold-War-style, outmoded way of thinking, the war-loving circles of the United States are trying to continue to adhere to a policy of force. We cannot help but say that from every angle this is based on an insidious attempt.

Then, for what purpose are the U.S. hard-line conservative forces advertising the idea about the nonexistent threat from us, while throwing cold water on smoothly developing DPRK-U.S. relations? This is, above all, aimed at justifying by all means the maintenance of the U.S. Forces in South Korea and Japan, and at maintaining their military status there. Herein lies their wicked ulterior motive.

As everybody knows, due to the end of the Cold War, the threat of a southward advance by the former Soviet Union has disappeared; and the excuse to justify the maintenance of U.S. Forces in Asia has also disappeared.

Under these circumstances, the U.S. hard-line conservative forces are trying to consolidate their military domination in Northeast Asia, while continuously advertising the nonexistent military threat from us. The U.S. hard-line conservative forces are advertising such a groundless rumor in an attempt to isolate us internationally by tarnishing our image among the world's people.

To sum up, the U.S. hard-line conservative forces are still not breaking away from a policy to crush [apsal] us militarily and politically. This is a big miscalculation.

This is a nonsensical act by the U.S. hard-line conservative forces, like trying to stop a speeding train by sprinkling the tracks with sand.

No matter how hard they may try to apply the brakes, now, DPRK-U.S. relations will never be otherwise. [kyolko tallinun toejianulgotsimnida]

The war-loving circles, including the chairman of the U.S. Joint Chiefs of Staff, should depart from their anachronistic way of thinking.

An act of trying to reverse the current of the times will only result in chopping off one's own foot with one's own ax in the long run.

If the U.S. hard-line conservative forces should only try to threaten and apply pressure on us, while continuously making war-loving absurd remarks, then, it will be all right for us, too, to go our own way.

Pyongyang: No Part in NE Asia Economic Forum

OW2601082495 Tokyo KYODO in English 0801 GMT 26 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 26 KYODO—North Korean officials will not take part in a Northeast Asian economic conference that will open in Niigata, central Japan, on Feb. 16, South Korean officials said Thursday [26 January].

The officials, at the Institute for East Asian Studies, made the disclosure in denying a report carried earlier Thursday by South Korea's YONHAP news agency that Kim Chong-u, vice chairman of Pyongyang's External Economy Commission, and three other North Korean officials will attend the three-day meeting.

Niigata prefectural officials also confirmed that the North Koreans will not attend the meeting.

North Korea walked out of the forum in 1993 in the midst of an international standoff over North Korea's alleged nuclear arms program. Pyongyang again failed to send a delegation to last year's forum, citing unhappiness over the nuclear issue.

Foreign Party Leaders Greet Kim Chong-il

SK2501041295 Pyongyang KCNA in English 0400 GMT 25 Jan 95

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—The great leader Comrade Kim Chong-il received messages of greetings on the New Year from Chairman of the African Socialist Movement of the Congo Gerard Francois Yandza, General Secretary of the Britannic Communist Party Michael Hicks, General Secretary of the Inter-African Socialist and African Social Democratic Party Taiyev Sahbani, Chairman of the Central Committee of the Communist Party of Venezuela Pedro Ortega Dias and its secretary general Trino Melean, National General Secretary of the "Cambio 90" Movement of Peru Andres Regiardo Sayan, General Secretary of the Central Committee of the People's Vanguard of Costa Rica Humberto Vargas Carbonel, the Supreme Board of the Social-Democracy

of the Polish Republic, and the Dominican Communist Party, the Dominican Popular Movement, the United Party for Resistance and People's Liberation of Dominica and the July 21 Revolutionary Forces Party of Dominica on behalf of the Camanista Revolutionary Unity of Dominica.

The messages wish the Korean people success in their efforts for socialist construction and national reunification under the wise guidance of Comrade Kim Chong-il.

Daily Hails Kim Chong-il's Military Leadership

SK2601075895 Pyongyang NODONG SINMUN in Korean 24 Dec 94 p 1

[Editorial: "The Korean People's Army Under the Leadership of the Respected and Beloved Comrade Supreme Commander Are Ever-Victorious Revolutionary Armed Forces"]

[FBIS Translated Text] Today is the third anniversary of the lofty election of the dear leader Comrade Kim Chong-il as the supreme commander of our revolutionary Armed Forces. On this meaningful day, all officers and men of our People's Army and all our people extend the greatest honor to respected and beloved General Kim Chong-il, who is firmly defending the country's sovereignty and the national dignity after bringing up our People's Army as a strong matchless army, with his extraordinary wisdom, peerless bravery, and outstanding tactics of leading the army. They are also filled with a firm resolution to stoutly fight under the comrade supreme commander's leadership, upholding the teaching left by the fatherly leader.

At the 19th plenary session of the sixth congress of the party Central Committee held three years ago, the great leader [yongdoja] Comrade Kim Chong-il was elected to the lofty position of supreme commander of the Korean People's Army [KPA] at the unanimous intent and desire of all officers and men of the People's Army and our people. This was a historic event that opened endlessly bright prospects for strengthening and developing our revolutionary Armed Forces and socialism of our own style. By upholding the dear comrade leader, who is an outstanding military strategist and an ever-victorious iron-strong and sagacious general, at the top of the revolutionary Armed Forces, we have come to be able to eternally succeed the chuche-based army building cause, as well as to have a strong military guarantee for brilliantly consummating our socialist cause even in the acute confrontation and struggle with imperialists and all sorts of reactionaries.

The great leader Comrade Kim Il-song taught:

"Our People's Army officers and men, as well as all our people, warmly welcome with great happiness Comrade Kim Chong-il's election as KPA supreme commander. As he was elected supreme commander, the might of our People's Army has further been strengthened and our people's morale has been further elevated."

To a revolutionary army and people, it is the greatest dignity and happiness to uphold a great general as the supreme commander of their revolutionary armed forces. The invincibility of the revolutionary armed forces is the greatness of the supreme commander who leads the armed forces. Only when it upholds a great general, who has outstanding military qualifications and traits, at the top of the revolutionary armed forces, can the revolutionary army excellently fulfill their mission and duty as the resolute protector of the fatherland, the people, and the socialist cause.

Our revolutionary armed forces have walked along the proud single road of victory and honor by upholding the respected and beloved Comrade Kim Il-song at the top since the first day following its foundation, and are demonstrating their matchless strength today under the leadership of the dear leader Comrade Kim Chong-il.

The dear leader Comrade Kim Chong-il is an outstanding army-building genius of our time who personifies lofty traits as an outstanding military strategist and a great iron-strong general.

With his extraordinary wisdom and outstanding tactics of leading the army, our comrade supreme commander has brilliantly solved all problems in building the revolutionary armed forces for tens of years and has accumulated immortal achievements that will shine with the century. Without the dear comrade leader's particular greatness, we cannot talk about the development of our People's Army as today's one-a-match-for-100 revolutionary armed forces that are firmly prepared politically, ideologically, militarily, and technologically; nor can we think of the fact that our people have a firm military guarantee to consummate the chuche socialist cause to the last, under any stormy circumstances. All great victories, successes, and new turnabouts achieved in our army building are valuable results of the dear comrade leader's seasoned leadership. This is why our people and People's Army officers and men are unanimously praising our revolutionary armed forces as the dear comrade leader's army.

By upholding the dear leader Comrade Kim Chong-il as the supreme commander, we came to have a great guideline that enables us to eternally strengthen and develop our revolutionary armed forces as the leader's [suryong] army and the party's army.

The first mission of the great general who consummates the army-building cause pioneered by the leader [suryong] is to present correct military and ideological theories and elucidate a correct way to strengthen and develop the revolutionary army as the army of the leader and the party. Herein is intensively shown the greatness of the great general.

With his peerless, extraordinary wisdom and restless activities, the dear leader Comrade Kim Chong-il has developed and enriched the chuche military ideas and theories created by the great leader, thus preparing the

most correct guideline for building the revolutionary armed forces. The army-building ideas presented by the respected and beloved comrade supreme commander are the most scientific and revolutionary military theories that are thoroughly based on man-oriented philosophical principles and that are permeated with the revolutionary view of the leader. Herein are completely elucidated a theory on firmly building the party's unitary ideological system and unitary leadership system, a theory on strengthening indoctrination of soldiers on loyalty to the party and the leader, and all other theoretical and practical problems in constantly strengthening and developing the working class' revolutionary armed forces as revolutionary armed forces, which sincerely serve the party, the leader, and the socialist cause.

The justness and invincible vitality of the great *chuche* military ideas that integrate the dear comrade leader's extraordinary military wisdom and abundant military experience have been completely proven in the course of building our revolutionary armed forces. We cannot think of the might of our People's Army, which is demonstrating its majestic appearance today, without the dear comrade leader's outstanding military ideas and theories that are permeated with the revolutionary and scientific spirit and the spirit of succession.

As long as they have the great army-building program and the ever-victorious valuable military sword prepared by the dear comrade leader, our revolutionary armed forces will fulfill to the last their mission and duty of the times and history as the reliable protector and safeguard of the socialist cause, while firmly adhering to their revolutionary characteristics as *chuche*-type revolutionary armed forces.

Because they uphold the dear leader Comrade Kim Chong-il as the supreme commander, our revolutionary armed forces are demonstrating their majestic appearance as the faithful combat ranks that devote their lives to the fight for the party and the revolution, and as the matchless strong army prepared with both powerful offensive and defensive means.

The loyalty to the party and the revolution is the life of the revolutionary army. An army that absolutely trusts and follows its leader [*suryong*] can defeat any strong imperialist enemy and can defend its fatherland and revolution in any difficult environment.

Today, our People's Army is filled with the revolutionary faith to share its destiny with the comrade supreme commander to the last. It is an invariable determination and will of all our People's Army officers and men that they will become guns and bombs to death-defyingly protect the respected and beloved comrade supreme commander, entirely entrusting their destinies to the dear comrade leader. This faith of our People's Army officers and men, which they came to cherish deep in their hearts through experience in actual life, has become even more steadfast today after they lost the fatherly leader. Now, our People's Army officers and men bear

deep in mind the faith in certain victory that they are not afraid of any strong enemy in the world as long as they have the supreme commander, dear leader Comrade Kim Chong-il who is the same as the respected and beloved leader Comrade Kim Il-song.

There is no army like our People's Army, which has fervent loyalty to and absolute admiration for its supreme commander and always implements unconditionally and thoroughly the supreme commander's orders and directions in any environment.

Under the leadership of the dear comrade leader, our People's Army is firmly prepared not only politically and ideologically, but militarily and technologically.

Our People's Army has accumulated abundant combat experience in severe storms of the revolution for more than 60 years. Today, our People's Army is equipped with high-level military sciences and technologies and updated combat technics and provisions in accordance with the demand of modern war and our country's specific realities, and all soldiers have mastered our party's *chuche*-based military tactics. Our People's Army's proud appearance is shown by the fact that they are defending the sky, land, and sea of the fatherland as impregnable with a strong and powerful offensive and defensive means enough to smash any aggressive army of the imperialists at once, while sharply watching every move of the enemies.

Our revolutionary armed forces, which are demonstrating their majestic appearance as the matchless army upholding great General Kim Chong-il as the supreme commander, tender great faith and courage to all our people and the revolutionary people of the world. Thanks to the strong People's Army, our people are able to stoutly and confidently push ahead with socialist construction even in the vicious antisocialist maneuvers by imperialists and various sorts of reactionaries; and thanks to the one-a-match-for-100 revolutionary armed forces, our Republic is able to stalwartly exercise its right to sovereignty, without the slightest wave. There is nothing to scare our people who firmly trust our revolutionary armed forces.

Since we elected respected and beloved General Kim Chong-il the supreme commander of our revolutionary armed forces, the traditional virtue of army-people unity has been displayed greatly and the unity in ideology and will between the Army and the people has been increased remarkably.

The blood linkage between the army and the people is a decisive factor of the victory in war, and whether it is firmly strengthened or not depends mainly on the greatness of the supreme commander who leads the revolutionary army.

Since he started to lead our party and the revolution, as well as the army-building cause, at the head, the dear leader Comrade Kim Chong-il has made great efforts to

generally advance the idea of army-people unity created by the respected and beloved leader. He has firmly armed the army and the people with our party's idea of army-people unity, highly assessing even minor deeds of soldiers and people in actively supporting and helping each other, and giving them many thanks and gifts of love. Immeasurable are the efforts and warm consideration that our respected and beloved comrade supreme commander has made to further strengthen the blood linkage between the Army and the people. The Army and the people are always in the comrade supreme commander's mind, and he is always in the Army and the people's minds. Today, it is common in our country that People's Army soldiers sacrifice their valuable lives to save people from dangerous situations and help the people at their work sites, and that our people love the People's Army like their own family and support it both materially and spiritually. Today, when they uphold the dear leader Comrade Kim Chong-il as the supreme commander, the Army and the people are fulfilling their loyal and filial duties for the comrade supreme commander more faithfully than ever, and the blood linkage between the Army and the people has been strengthened more greatly than ever. This is a firm basis that guarantees forever the victorious advance of socialism of our own style.

By upholding Comrade Kim Chong-il, supreme commander of the KPA, the might of our general revolutionary armed forces—including the KPA, the Red Workers Peasant Militia, and the Red Youth Guards—has incomparably been strengthened; the entire country has been converted into an impregnable fortress; and the entire society is filled with the trait of sincerely learning and valuing the military.

Thanks to the leadership of the dear leader Comrade Kim Chong-il, we could make epoch-making miracles and changes in the course of building our revolutionary armed forces, and our People's Army has entered a new course of developing itself. Realities show that, only when it upholds a military genius who is an ever-victorious iron-willed brilliant general as the supreme commander, can the revolutionary army demonstrate its invincible might and be constantly strengthened to be honorable revolutionary armed forces that reliably protect its fatherland, revolution, and the socialist cause. While seeing the proud appearance of our revolutionary armed forces that have grown up as a matchless strong army, our People's Army officers and men and all the people, who lost the fatherly leader, are keenly and happily aware of their good fortune to be blessed with great leaders generation after generation. They are overflowing with firm resolution to carry out the revolution to the last under the leadership of the comrade supreme commander.

Today we are faced with the heavy and honorable task to further strengthen the revolutionary armed forces and to hasten the independent reunification of the fatherland, as well as the ultimate victory of the *chuche* revolutionary cause. The imperialists and various sorts of

reactionaries are continuously strengthening their anti-Republic maneuvers. All the people and People's Army officers and men should strengthen the country's defensive capability as impregnable, so as to reliably protect the socialist fatherland and the revolutionary gains that we achieved at the cost of our blood.

Our People's Army is the pivot of the self-reliant national defense ability and is a reliable safeguard that upholds the party cause with arms. The respected and beloved leader made every effort to strengthen and develop the revolutionary armed forces while he was alive, and until the last moment of his life, he elucidated in detail principled questions that the People's Army should regard as its guidelines to be embodied by itself. We should bear deep in our hearts the teaching left by the respected and beloved leader and should eternally strengthen and develop the People's Army as the army of the party and the revolution.

Above all, we should brilliantly succeed and develop the proud tradition of single-hearted unity of the People's Army.

The single-hearted unity is the banner of the ever-victorious revolution and People's Army. All People's Army officers and men uphold the respected and beloved Supreme Commander Comrade Kim Chong-il at the center of their unity and follow him with a faithful sense of duty. Herein lies the invincibility of our revolutionary armed forces, as well as the secret of their ever-victorious might.

All the People's Army officers and men should always deeply bear the teaching left by the fatherly leader, who asked them to uphold respected and beloved General Kim Chong-il even better than before, and should fulfill their loyal and filial duties for the comrade supreme commander in protecting him in a death-defying manner, as they did for the fatherly leader. Adhering invariably to the party line on modeling the entire army after the *chuche* idea, all the People's Army officers and men should more thoroughly arm themselves with the *chuche* idea and should make loyalty to the respected and beloved comrade supreme commander a matter of faith, conscience, morality, and a daily routine, so as to strengthen the political and ideological might of the People's Army in every way. The People's Army should firmly establish a revolutionary military trait and iron-firm discipline and order, in which all the People's Army officers and men move as one to the comrade supreme commander's order or direction, and should be filled with the loyal faith to death-defyingly fight for the comrade supreme commander.

The leadership of the respected and beloved comrade supreme commander is the lifeline of the army-building cause. We cannot think of the existence and development of our People's Army, without the seasoned leadership of General Kim Chong-il who has presented ever-victorious military ideas, theories, strategies, and tactics and is leading the *chuche*-oriented army-building cause.

With the iron-firm faith that they are ever victorious as long as the dear comrade leader is with them, all the People's Army officers and men should greatly display the revolutionary trait of unconditionally implementing all orders and directions issued by the comrade supreme commander. All the People's Army soldiers should firmly arm themselves with our party's great military ideas and chuche-based military tactics, should be qualified with infallible shooting skill and high-level professional military technology, and should strengthen our military strongholds as impregnable fortresses. All the People's Army officers and men should always assume a tight and mobilized posture, so as to reliably protect our land, airspace, and waters from the enemies' various aggressive maneuvers.

According to the party's self-defensive military line, we should completely implement the policy of turning the whole Army into an Army of cadres and the policy of modernizing the whole Army, while continuously concentrating efforts on arming all the people and on turning the whole country into a fortress. The People's Army should greatly display the trait of following the anti-Japanese guerrillas' way of training, studying, and living, as well as the traditional virtue of unity between the officers and men, and between the party and soldiers, so that the whole Army can be filled with a high revolutionary spirit, noble revolutionary comradeship, and the spirit of collectivism.

The perfect unity between the Army and the people is a symbol of the invincibility of our single-hearted unity and is decisive security of the revolutionary victory.

The traditional virtue of unity between the Army and the people is unprecedentedly greatly being displayed in our society that upholds respected and beloved General Kim Chong-il as the supreme commander. "Our Sentry Post-Our Plant," "Our Sentry Post-Our Farm," and "Our Sentry Post-Our School" Movements are vigorously carried out at every place throughout the country, and beautiful stories about Army-people unity are heard everywhere. We should continuously display this traditional virtue. With the self-sacrificing spirit of serving the fatherland and the people, the People's Army officers and men should register greater heroic feats in the socialist economic construction and in the struggle to protect the people's lives and properties.

Our people should establish a social trait of valuing the military and more actively carry out the work of loving and supporting the People's Army wholeheartedly like one's own family. By doing so, they should fully demonstrate the might of the single-hearted unity between our Army and people who share their destinies, firmly united around the respected and beloved comrade supreme commander.

Today, the dear leader Comrade Kim Chong-il, great leader [yongdoja] of our party and people and supreme commander of the KPA, is leading the struggle to implement the party's revolutionary economic strategies in the

lead, with the firm determination to remarkably elevate the people's living standards.

The party's revolutionary economic strategies are a firm guarantee that enables us to strengthen the country's general strength, to improve the people's livelihood, and to greatly display the superiority of socialism of our own style.

All the party members and working people should make a new turnabout in implementing the revolutionary economic strategies, upholding the party's intent. By displaying the revolutionary spirit of self-reliance and fortitude, we should overcome all difficulties and hardships with our own strength and should fulfill revolutionary tasks assigned to each of us, without fail.

Our people are faced with heavy and huge tasks, but they will certainly achieve victory in fulfilling them. We are under the seasoned leadership of the dear leader Comrade Kim Chong-il, an ever-victorious iron-willed brilliant general, and we have the matchless People's Army that has grown up in the bosom of the party and the leader [suryong] and have the great might of the Army and the people united in one mind around the respected and beloved comrade supreme commander. No force can block the advance of our people and the People's Army officers and men who are fighting for the just cause under the great party's leadership, and we will always create only ever-victorious history.

Let us all more vigorously fight to achieve the fatherland's reunification and to consummate the cause of socialism of our own style, with the single-hearted unity around the party Central Committee headed by respected and beloved Supreme Commander Comrade Kim Chong-il.

KPA 'Agitators' Meeting Opens in Pyongyang

*SK2601104595 Pyongyang KCNA in English 1025
GMT 26 Jan 95*

["Meeting of KPA Agitators Opens"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—The ninth meeting of agitators of the Korean People's Army (KPA) opened at the February 8 House of Culture here today.

The meeting is convened under the noble intention and iron will of respected Supreme Commander Comrade Kim Chong-il to train the KPA into an invincible Army with an unshakable faith in order to accomplish the revolutionary cause of chuche and reunify the country in the 1990s at any cost.

The meeting will review the achievements and experiences gained in the ideological work in the KPA for modelling the whole Army on the chuche idea and discuss measures to effect a revolutionary turn in propaganda and agitation as demanded by the developing revolution of Korea and the army building in a new high

stage and consolidate in every way the political and military strength of the Revolutionary Armed Forces of Korea.

It was attended by Choe Kwang, Politburo member of the Central Committee of the Workers' Party of Korea, vice-chairman of the National Defence Commission of the DPRK, member of the Party Central Military Commission and chief of the General Staff of the Korean People's Army; and Vice-marshals Kim Kwang-chin and Kim Pong-yol, members of the National Defence Commission of the DPRK.

Thanks from Comrade Kim Chong-il, the great leader of our party and our people and supreme commander of the Korean People's Army, were conveyed to the participants of the meeting for their devoted efforts to implement the party's policy of propaganda and agitation with intense loyalty to the party and the revolutionary cause and for their display of intense loyalty and filial piety which greatly delighted the party on the threshold of the meeting.

In a congratulatory message to the meeting, the Central Committee of the Workers' Party of Korea urged the KPA propagandists and agitators to effect a new turn in their work as demanded by the developing revolution and creditably discharge their honorable mission to strengthen the KPA as a one-match-for-a-hundred revolutionary armed force unfailingly loyal to the leadership of the party.

In his report at the meeting, KPA Colonel General Pak Chae-kyong outlined the tasks to strengthen the KPA into the most dependable, main force of the revolution and the core unit of the revolution that takes the lead in accomplishing the cause of respected Supreme Commander General Kim Chong-il.

Meeting of 'Singlehearted Unity'

SK2601110695 Pyongyang KCNA in English 1038
GMT 26 Jan 95

["KPA Agitators Vow To Defend Revolutionary Cause of Chuche, United Around General Kim Chong-il"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—The ninth meeting of agitators of the Korean People's Army (KPA) has opened here today. It will be a meeting of loyalty, filial duty and singlehearted unity which fully demonstrates the indomitable faith and iron will of the KPA officers and men to steadfastly glorify the great idea, cause and immortal feats of the fatherly leader President Kim Il-song under the wise leadership of respected Comrade Kim Chong-il, supreme commander, and defend the supreme commander with arms at the cost of their lives in any storms. It will be also a historical meeting of weighty significance in strengthening the KPA to be an invincible army.

The opening of the meeting is associated with the noble intention and iron will of Comrade Kim Chong-il to accomplish the revolutionary cause of chuche and reunify the country in the '90s without fail by rearing the KPA to be an army strongest in ideology, an invincible army.

The meeting will review the achievements and experience gained in the KPA's ideological work for modelling the whole Army on the chuche idea. It will also discuss measures to increase the political and military might of our revolutionary Armed Forces in every way by effecting a revolutionary turn in the propaganda and agitation work to meet the demand of the developing revolution and army building at a new, higher stage.

The meeting was attended by Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea, member of the Party Central Military Commission and chief of the general staff of the KPA, and Vice Marshals of the KPA Kim Kwang-chin and Kim Pong-yol, members of the National Defence Commission of the DPRK.

The participants in the meeting observed a moment's silence in memory of the great leader President Kim Il-song, who devoted his all to the founding of the chuche-based revolutionary Armed Forces and their strengthening and development.

Conveyed at the meeting was thanks sent by Comrade Kim Chong-il, the great leader of our party and our people and supreme commander of the Korean People's Army, to the participants in the meeting who had devotedly worked to thoroughly implement the party's policy of propaganda and agitation, unfailingly loyal to the party and the revolutionary cause, and greatly delighted the party by bringing their loyalty and filial duty into full play with the meeting at hand.

In the congratulatory message to the meeting, the WPK Central Committee said the KPA propagandists and agitators, through their active propaganda and agitation work for the fulfilment of military tasks, have contributed to making each man a match for a hundred foes and strengthening the combat power and preparations of the units and have vigorously encouraged servicemen to perform heroic feats in grand socialist construction.

In his report Col. Gen. Pak Chae-kyong said it is the proud achievements registered in the propaganda and agitation work in the People's Army that all the servicemen have been fully prepared to be soldiers absolutely worshipping the great General Kim Chong-il and to be rifles and bombs defending the party and the leader with their lives through the vigorous propaganda and agitation work for the establishment of a chuche-based commanding system.

He elaborated on the tasks facing the People's Army in impregably consolidating the defence capacity of the

nation in keeping with the new demand of the developing revolution and bringing the revolutionary cause of *chuche* to completion, holding in high esteem General Kim Chong-il, the destiny and future of the Korean people, true to the behests of Comrade Kim Il-song.

He called for conducting propaganda and agitation like in the front as befits the army to further strengthen the People's Army to be the most reliable force of the revolution, the core unit of the revolution taking the lead in accomplishing the cause of General Kim Chong-il.

"As we have Supreme Commander General Kim Chong-il, a peerless great man and a military genius, as the great leader, the future of the revolutionary cause of *chuche* is very bright and our victory is certain," he declared.

A congratulatory message to the meeting was read by a congratulatory group of the KPA.

At today's session, the speakers expressed their determination to reliably defend the revolutionary cause of *chuche* with arms by effecting a fresh turn in the propaganda and agitation work and strengthening the People's Army politically and ideologically and in military technique, united in one mind around Comrade Kim Chong-il, true to the behests of President Kim Il-song.

Kim Chong-il Thanks 'Agitators'

SK2601111795 *Pyongyang KCNA in English 1051*
GMT 26 Jan 95

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—The great leader Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], sent thanks to the participants in the ninth meeting of agitators of the KPA who, with intense loyalty to the party and the revolutionary cause, have devoted themselves to the implementation of the party's policy of propaganda and agitation and displayed a high sense of loyalty and filial piety with the meeting at hand.

The thanks were conveyed at the hall of the meeting of KPA agitators which has opened here today.

As the thanks were conveyed, the participants gave cheers of "Hurrah!" and loudly shouted slogans "Let Us Repay With Loyalty the Warm Love and Solicitude of General Kim Chong-il, Respected Supreme Commander!" and "Let Us Resolutely Protect General Kim Chong-il, Respected Supreme Commander, With Our Lives!"

The meeting hall was pervaded with the unbounded reverence for and trust in the respected supreme commander and with the firm determination of the officers and men of the People's Army to remain loyal to him to the end, upholding his guidance in one mind.

'Agitators' Vow Loyalty to Kim

SK2601111495 *Pyongyang KCNA in English 1048*
GMT 26 Jan 95

[FBIS Transcribed Text] Pyongyang, January 26 (KCNA)—The ninth meeting of agitators of the Korean

People's Army [KPA] which opened in Pyongyang today discussed as an important agenda item the matter of firmly preparing the People's Army soldiers to be absolute worshippers of the great General Kim Chong-il and to be rifles and bombs resolutely protecting the party and the leader at the cost of their lives.

The participants in the meeting who gathered at the 6,000-seated theatre of the February 8 House of Culture loudly shouted the slogans representing their unshakable will to reliably defend the revolutionary cause of *chuche* with arms by further strengthening the People's Army politically and ideologically and in military technique, united around Comrade Kim Chong-il, supreme commander, in one mind.

The keynote of the report of Colonel General of the KPA Pak Chae-kyong at the meeting is tasks of the Korean People's Army in consolidating the defence capabilities of the country like an impregnable fortress in keeping with the new requirements of the developing revolution and upholding respected General Kim Chong-il, our destiny and future, in high esteem and carry the revolutionary cause of *chuche* to accomplishment, true to the behests of the fatherly leader President Kim Il-song.

The meeting laid stress on intensifying the ideological work with the general mobilisation of agitation and propaganda forces and means in response to the slogan "Let Us Greet the 50th Anniversary of the Foundation of the Workers' Party of Korea With a High Degree of Political Zeal and With Remarkable Achievements in Combat Preparedness and Increase of Combat Capabilities!"

It also discussed measures to further strengthen the People's Army into the most reliable driving force and the hardcore unit of the revolution which takes the lead in accomplishing the cause of the great General Kim Chong-il.

Efficient Use, Conservation of Power Stressed

SK2501140895 *Pyongyang MINJU CHOSON in Korean 14 Dec 94 p 3*

[Article by Kim Yong-tal, director of the DPRK Ministry of the Power Industry: "Important Tasks for Effective Use and Conservation of Electric Power"]

[FBIS Translated Text] Smoothly solving the questions concerning electric power is one of the important demands for implementing the great leader's will and the party's revolutionary economic strategy.

Electric power is the fundamental energy of modern industries. Only when the questions concerning electric power are properly solved, can production of farming machinery and fertilizers be increased so that the party's agriculture-first policy is successfully implemented, and more consumer goods and export goods can be produced to excellently carry out the light industry-first and trade-first policies. Without solving the questions concerning

electric power, we cannot achieve a speedy development of the coal, railway, and metal industries. Energy for mines, railways, and metal plants must be guaranteed in order to effect innovations in the production of coal and steel and to accelerate railway transportation.

Upholding the great leader's will and the party's intention, various sectors of the people's economy have effected greater upsurges in production and construction, thus increasing the demand for electric power.

To meet the growing demand for electric power, power generation must be increased, and we must efficiently use electricity and conserve energy.

The dear leader Comrade Kim Chong-il has instructed: We must vigorously carry out the struggle to save electricity.

Efficient use of, and the saving of, electric power is important for improving production and construction with existing energy.

Hydraulic and thermal power plants being built and being operated across our country under the party's wise leadership have a great production capacity. By efficiently using and saving energy produced in these plants, the current growing demand for electric power can be filled, and production and construction can be significantly improved.

Efficient use of, and saving of, electric power is an important reserve for increasing production and frugality.

Therefore, we must pay keen attention to efficiently using and saving electric power.

Above all, this must be participated in by the masses.

Because electric power is widely used by all units and regions, means of saving energy can be found anywhere. With the participation of the masses, efficient use and saving of electric power can be successfully carried out.

To this end, political work must be emphasized.

The efficient use and saving of electric power is not a working-level matter. It is an ideological view on managing the country. When ideology is inspired, more room for saving electric power can be discovered.

All sectors, units, and regions should carry out the political work to efficiently use and save energy in various forms and methods so that everyone bears a correct view and attitude on this work and participates in the work spontaneously. Everyone should establish the ethos to manage the country as its master and work hard to save and thriftily use a single watt of electric power.

Useful technical and economic measures are important guarantees for the efficient use and saving of electric power.

The process of supplying and consuming electric power accompanies technical and economic work. Therefore, technical and economic measures must be established properly in order to more efficiently and thriftily use electric power.

Alternative production systems are for production units to alternate work on production. Practical experience clearly shows the system is a very effective way to thriftily use electric power.

Alternative production systems can be properly carried out when the production units schedule their working hours in accordance with the demands of the system and maintain the schedule. It is important to alternate the working hours among plants and enterprises and among the workshops, units, machinery, and equipment of a plant or enterprise that does not operate round-the-clock.

Those sectors which require round-the-clock operation should also alternate working hours among workshops and units, and should properly adjust the hours of operation of machinery and equipment.

Production units should strictly keep the scheduled working hours according to the demands of the alternative production system. They should make thorough preparations for work, and should without fail exert their energy to strengthen the rules on completing the planned tasks within the scheduled hours. The supply of electric power should also keep to working hours. Power supply organizations should survey and register the working hours of consuming objects according to the alternative production system, and should thoroughly establish the system to send an optimum amount of electric power at a given time.

Proper management of transmission and transformer facilities is important for establishing technical and economic measures for the efficient use and saving of electric power.

Electric power produced by power plants is sent to consuming areas through transmission and transformer facilities. Therefore, transmission and transformer facilities must be well maintained in order to supply electric power without disturbance, eliminate losses during transmission, and more efficiently use electric power.

In order for transmission and transformer facilities to contribute to the efficient use and saving of electric power, it is important to increase the voltage.

When the voltage is increased, the same electric current sent by power plants can be more efficient.

In order to increase the voltage, technical work is required to build strong support material for transmission and transformer facilities, to replace insulators with highly dielectric ones, and to improve the machinery and equipment of substations.

To eliminate losses during transmission, transmission and transformer facilities must be well maintained and repaired. In addition to regular checks, power transmission and transformer organizations should make meticulous plans on small, medium, overall, and specific repairs. Organizations should do repair work in a short time, and at the same time guarantee the quality of the repair work according to technical demands. Since most of the transmission and transformer facilities are built outdoors, organizations must pay attention to irregularities due to natural and weather effects. In the spring, when the ground melts, cracks in the bases of metal towers and support material must be repaired; in the summer, lightning rods, overhead laterals, and insulators must be well maintained to prevent damage from thunder; and in the winter, substation inflow facilities must be thoroughly protected.

Technical and economic measures for lowering the power consumption standard of products must be established.

First, the standardization of power consumption must be accurately carried out. Newly defined standards must be scientific and practical, taking all factors into consideration, including the technical process of production, machinery, the condition of the equipment, and the products. Existing standards must be reexamined and ceaselessly renewed according to the reality in which scientific technology is developing and the demands for energy are drastically increasing.

In order to thoroughly observe power consumption standards and use less electricity than these standards, a series of measures must be actively taken that include improving the use of electrolysis and conductors, replacing electric motors using excessive power with measured ones, and eliminating nonload and light-load operation of equipment.

Organizational work is required to successfully wage the struggle to efficiently and thriftily use electric power, which accompanies the participation of the masses and various technical and economic work.

All sectors, units, and regions should set energy conservation goals according to their situation, and should readjust the goals based on frequent evaluations of their implementation. Material and technical means, including the material required by the alternative production system, as well as the maintenance and modification of transmission and transformer facilities, must be guaranteed with precedence. When plants and enterprises review their production, the power consumption pattern must be analyzed and evaluated. Successful achievement and experience, as well as exemplary facts in efficiently using and saving electric power, must be generalized at the right time. Supervision and control of the power supply and of the consumption of the masses must be intensified. Once the energy conservation goal is set, the goal must be fulfilled without fail.

Thriftily use of electric power is one of the important tasks to be adhered to in today's socialist construction.

All sectors, units, and regions should continuously and vigorously carry out the struggle to efficiently use and save electric power so they can produce and build more with the existing power supplies and can achieve greater results in implementing the party's revolutionary economic strategy.

Three Principles for Reunification Stressed

*SK2501143995 Pyongyang Korean Central
Broadcasting Network in Korean 0630 GMT 23 Jan 95*

[Unattributed talk: "The Three Principles for National Reunification Are the Nation's Common Reunification Program"]

[FBIS Translated Text] As pointed out by the joint editorial carried by NODONG SINMUN on the first day of the New Year 1995, the three principles— independence, peaceful reunification, and the great unity of the nation—expounded by the great leader Comrade Kim Il-song during his lifetime have become a strong cornerstone as well as a valuable asset for national reunification. Therefore, these are the starting point for our people's struggle for national reunification.

The great leader Comrade Kim Il-song has taught: The three principles— independently achieving reunification without outside interference; promoting the great unity of the nation transcending the difference of idea [sasang], ideology [inyom], and system; and achieving reunification of the divided fatherland in a peaceful manner, not by an exercise of arms—have become a starting point and a basis for resolving our fatherland's reunification issue.

The three principles for national reunification— independence, peaceful reunification, and the great unity of the nation—are the nation's common reunification program. These are not only the basic guarantees that enable the North and South—which have different ideas and systems—to jointly resolve the reunification issue, but they are also the common program of action [haengdong kangryong] that should be firmly based on North-South dialogue.

The three principles for national reunification, in which all the people's intentions and aspirations have been expressed, have become the nation's common reunification program as a result of the agreed 4 July Joint Statement released by the North and South.

The three principles for national reunification, being the most just principles for resolving the national reunification issue in conformity with the aspiration and demands of our people, are the programmatic guideline our people should firmly adhere to in their struggle for the country's peace and reunification, no matter how the future situation may change.

In essence, our country's reunification issue is to regain the territory plundered by the outside imperialists and to liberate the people from them, as well as to regain national sovereignty on a nation-wide scale. This is an issue of achieving the reunion of the separated nation. Therefore, the country's reunification is the nation's internal affair that belongs to our nation's right to self-determination.

The country's reunification issue—the internal affair of our nation—should be duly resolved by the chuche-oriented might of our nation. It is our people who are most interested in resolving the country's reunification issue. It is our people who are directly responsible for resolving the issue.

Our people are capable of sufficiently resolving the nation's internal affairs with their own might. However, if our people fail to resolve the country's reunification issue—the nation's internal affair—with their own might, and if they rely on outside forces, then they cannot properly resolve the country's reunification issue in conformity with the intent, aspiration, and interests of the country.

They should not make efforts to resolve the country's reunification issue by relying on outside forces, nor should they allow these forces to interfere in our country's reunification. No outside force has been granted the right to interfere in the internal affairs of Korea.

Also, national reunification is not an issue of who wins or loses, nor an issue of who conquers or is conquered.

Our fellow countrymen in the North and South are the same people who have harmoniously lived on the same land since ancient times, creating one national culture and history based on the same blood. Therefore, our fellow countrymen should not resolve the issue of ending the state of artificial division with outside forces, nor achieve national unity through war.

Of course, in reality there are two different ideas and systems in the North and South. Because of this, there is a considerable degree of difference between the North and South, as well as misunderstanding and distrust between them. However, this cannot be used as a reason for confrontation and war, regarding each other as enemies.

Even if there are some differences between the North and South, this is an issue of different systems. Therefore, this cannot be a major problem compared to national equality, which has been forged and consolidated throughout several tens of thousands of years.

The two systems can easily coexist inside one nation and one unified state, as well as be harmonious and united with each other, only if they are based on the national commonness that has been constantly maintained throughout history. If one party wants to force its ideas and system upon the other, regarding them as absolute, or if it wants to embark upon the road of war against the

other party, it certainly will bring about confrontation and conflict [taekyolgwa chungdo] as well as eventually force upon the people the disaster of fratricidal war.

The reunification of our country should be achieved only by peaceful means, not by a war based on an exercise of armed forces. We should achieve the great unity of the nation to independently and peacefully realize our country's reunification. The great unity of the nation is a basic precondition for the independent and peaceful reunification of the fatherland. It is basically essential to national reunification. Even if different ideas and systems exist between the North and South, they cannot be factors that do harm to achieving the great unity of the nation.

Truly, the principles for achieving reunification—the principles of independently achieving reunification without interference from outside forces, of peacefully achieving it without relying on an exercise of armed force, and of promoting the great unity of the nation—elucidate the future road to resolve our country's reunification issue.

The three principles for national reunification have become the nation's common milestone, a basic principle enabling us to achieve the country's reunification in conformity with the intent, aspiration, and interests of the entire nation. One's attitude toward the three principles for national reunification can be a touchstone that determines if one wants peace and reunification.

This year marks 50 years since the country was divided. Surely achieving the cause of national reunification within the present century is the great leader's [suryong] behest. Our country's reunification should be achieved according to the three principles of independence, peaceful reunification, and the great unity of the nation put forward by the great leader Comrade Kim Il-song during his lifetime, no matter how the situation at home and abroad may change.

All fellow countrymen in the North, South, and abroad should more vigorously carry out a grand march for national reunification based on the three principles of independence, peaceful reunification, and the great unity of the nation, firmly uniting as one under the banner of the 10-Point Program of the Great Unity of the Entire Nation declared by the great leader [suryong].

'Wholehearted Unity' of Party, People Stressed

SK2501125595 *Pyongyang Korean Central Broadcasting Network in Korean 0400 GMT 24 Jan 95*

[Unattributed talk: "It Is a Firm and Invariable Will of Our Party and People To Make Our Country, Our Fatherland More Prosperous and Stronger With the Might of Wholehearted Unity"]

[FBIS Translated Text] The historic march of this new year of 1995, which will become a year of new upturns in carrying out the chuche revolutionary cause, has begun.

The year 1995 is a significant year, marking the 50th anniversary of our party's founding and the 50th anniversary of national liberation. Very significant is the struggle we are waging this year to achieve the complete victory of socialism, the historical long-cherished desire of our people; to comprehensively display the superiority of our style of socialism; and to realize the sacred cause of the country's reunification.

Whereas 1994 was recorded in history as the year of greatest loss for the nation, when our people shed tears of blood from the loss of the fatherly leader, we must add luster to this year as a year of victory when we will display to the entire world the dignified appearance of our party, our country, and our nation, which are referred to along with the revered name of the leader [suryongnim].

It is the firm will of the entire party membership and the consistent aspiration of all people to wage a vigorous struggle to make our country, our fatherland more prosperous and stronger in a manner befitting the fighter, the great leader.

The most important thing needed for our people to win a shining victory this new year is to strengthen in every way the wholehearted unity of our revolutionary ranks, united around the great leader [widaehan yongdoja] with one mind and heart.

The great leader [yongdoja] of our party and our people, Comrade Kim Chong-il, has noted: Our revolution is accelerating the great march of the chuche revolutionary cause with the strength of wholehearted unity. Wholehearted unity is the most important thing for our revolution.

Wholehearted unity is our party's revolutionary philosophy and our revolution's ever-victorious banner. Throughout the long and arduous revolution, our party has made the utmost efforts to strengthen the unity of the revolutionary ranks. With the might of unity, our party has carried out difficult and enormous tasks. With the indestructible wholehearted unity with which we are firmly united in terms of ideology, volition, morality, and fidelity, we can overcome any trials and create miracles that surprise the people of the world. This is the faith of our party.

Our party's position of regarding unity as the basis of the revolution was invariable in the past, is invariable today, and will be invariable in the future. Wholehearted unity—in which the entire party, all the people, and the entire Army are firmly united around the great leader [yongdoja] Comrade Kim Chong-il as one mind and one will—has deepened to be more firmly invariable today than ever before.

Last year, our people firmly vowed to hold the great leader [widaehan yongdoja] in high esteem again and again while shedding tears, overcome with the sorrow of

losing the fatherly leader. This was a clear demonstration of the might of our wholehearted unity.

Even though the great leader [suryong] who pioneered the cause of the revolution for the first time has passed away from us, our wholehearted unity—in which the entire party, all the people, and the entire Army is firmly rallied—remains eternal and invincible.

We should vigorously accelerate the march of the (?times) with the might of this great unity. This year, we should vigorously advance, upholding the slogan "Let us greet the 50th anniversary of the founding of the Workers' Party of Korea [WPK] with high political zeal and brilliant labor exploits."

Further strengthening the wholehearted unity of the party and the revolutionary ranks is the most important demand to effect new upsurges in all sectors of socialist construction, upholding the fatherly leader's lifetime teachings. This year, we are faced with the very heavy task of rapidly promoting the people's standard of living, by thoroughly implementing the party's revolutionary economic strategy, and the task of highly enhancing the superiority of our own style of socialism in all sectors.

The struggle we should carry out this year is indeed an honorable and rewarding struggle to achieve the enrichment and development of our country that the fatherly leader built and has glorified. Standing at the head of this majestic march is precisely Comrade Kim Chong-il, the great leader [yongdoja] of our party and people.

The great leader [yongdoja] Comrade Kim Chong-il's leadership is an ever-victorious leadership which turns misfortune into fortune under all circumstances. It is also a great leadership which effects an epochal change by inspiring the popular masses' strength a hundredfold and a thousandfold. When the entire party, all the people, and the entire Army are firmly rallied around our respected and beloved supreme commander and struggle vigorously, there will be no fortress which cannot be occupied.

All struggle tasks arising in greeting the 50th anniversary of the WPK's founding with high political zeal and brilliant labor exploits decisively lie in how to strengthen the political and ideological might of our revolutionary ranks, which are firmly rallied around the great leader [yongdoja].

Further strengthening the invincible wholehearted unity of the party and the revolutionary ranks today is an indispensable requirement for smashing the imperialists' maneuvers to isolate and crush our republic and for resolutely safeguarding and defending our own style of socialism.

Our revolution's circumstance last year was still complicated and tense. At a time when the arrow of attack of world reactionaries was aimed at our country, our party, and our people, our revolutionary armed forces were

able to firmly defend the gains of socialism while vigorously demonstrating our national dignity. This was thanks to the great wholehearted unity of the revolutionary ranks.

The struggle last year which achieved great victory in the fierce confrontation with imperialism clearly showed that the strength of our wholehearted unity is stronger than an atomic bomb, and that strong enemies or modern weapons cannot come alive in front of people who, like our people, are infinitely loyal to their party and leader.

Socialism was frustrated and all sorts of antisocialist trends were rampant in many different countries throughout the world. This notwithstanding, our people were able to vigorously advance along the single road of *chuche*, invariably holding aloft the banner of the revolution, the banner of socialism. The source of such mighty strength lies precisely in wholehearted unity.

The road of strengthening wholehearted unity is precisely the road of brilliantly pioneering our destiny, as well as the road of the victory of socialism.

When we treasure wholehearted unity like life, and strengthen its might by all means, our fatherland will become a firm socialist fortress forever, and our people and revolutionary armed forces will always demonstrate their dignified appearance as an ever-victorious, great people as well as an invincible army.

Deeply cherished in the hearts of our people who have vigorously risen up in the New Year's historic march, are the fatherly leader's lifetime teaching that they should firmly rally around Comrade Kim Chong-il in order to consummate the *chuche* revolutionary cause.

Defending and glorifying our revolution's tradition of unity for generation after generation is the loftiest moral duty of our revolutionary fighters who have grown up in the bosom of the fatherly leader [*suryong*].

We should more firmly deepen our revolutionary ranks' cohesion and unity in which the leader [*yongdoja*] and the people are firmly linked in today's rewarding struggle to safeguard and defend our own style of socialism.

First, all party members and working people should cherish deep in their hearts the great dignity and sense of honor of enjoying the blessing with their leader for generation after generation, and should uphold the leadership of Comrade Kim Chong-il, the great leader [*yongdoja*] of our party and people, with a single mind of loyalty and filial piety.

Upholding Comrade Kim Chong-il, a matchless great man, as the great leader [*yongdoja*] of our party and people is the greatest fortune of the fortunes of our party members and working people.

We should more deeply cherish in our hearts our dignity and honor as a revolutionary people who enjoy blessings with the leader for generation after generation.

To consolidate and develop our wholehearted unity, it is imperative for the entire party and all the people to more firmly arm themselves with the ideology and theory of Comrade Kim Chong-il, the great leader [*yongdoja*] of our party and people.

The ideology and theory of the great leader [*yongdoja*] Comrade Kim Chong-il is the direct inheritance of Comrade Kim Il-song's revolutionary ideology, and is its brilliant development. This ideology and theory have become the revolutionary (?foundation) that makes it possible to achieve unity in the ideological will and act of our revolutionary ranks.

All party members and working people should firmly realize that the only ideology to safeguard, defend, and consummate socialism at present is precisely the ideology of Comrade Kim Chong-il, the great leader [*yongdoja*] of our party and people, and should consistently wage the work of arming themselves with this ideology and theory. Establishing in all sectors and units of the revolution and construction the strong revolutionary discipline and order that moves as one according to the ideology and leadership of Comrade Kim Chong-il, the great leader [*yongdoja*], is an important requirement precisely to strengthen the might of the wholehearted unity of our revolutionary ranks.

Today, at a time when the entire party, all the people, and the entire Army are unanimously rising up in the march to greet the 50th anniversary of the founding of the WPK as a great festival of victors, it is more important to strengthen the party's leadership. We should more firmly establish in the entire party and the entire society the revolutionary ethos of unconditionally accepting and implementing the party's line, policy, decision, and directive. By doing so, we should embody the party's revolutionary economic strategy and effect a new upsurge in socialist construction. Thus, we should see to it that this year, which marks the 50th anniversary of the founding of the party and the 50th anniversary of national liberation, will become a year of victors which again demonstrates to the world the might of our party's wholehearted unity.

Daily on Chuche Industry Promoting Welfare

SK2601044195 Pyongyang MINJU CHOSON in Korean 22 Dec 94 p 3

["Chuche Oriented Industry Which Guarantees the Promotion of the People's Welfare"]

[FBIS Translated Text] This year, when all people and workers across the country added force to the socialist general onward march in the spirit of Chollima plus "the speed of the 1990's" in the single-hearted unity around the party and the leader [*suryong*], our-style socialism, centered around the popular masses, has been further consolidated; and its might has been displayed higher.

The important achievements made in this year's economic construction, which has marched forward and

forward, struggled, and then marched forward again while flying the banner of chuche-oriented socialism, have further increased the might of the chuche-oriented industry which serves to promote the people's welfare.

The dear leader Comrade Kim Chong-il has pointed out:

"For our party, which is carrying out the struggle, there is not a more important task than to carry out well the economic construction and enhance people's livelihood."

This year, many efforts have been made to develop the industrial sector, which is directly linked with the people's livelihood. We can see this in the fact that the state has invested in the coal industry, electric industry, railway transportation, and metal industry; which play a decisive role in agriculture, light industry, the production of export goods, and in guaranteeing the development of such sectors.

First, more investments have been made in the industrial sector to achieve further successes in the mechanization and chemicalization of agriculture. As a result, more of a variety of modern farm machines and highly efficient chemical fertilizers have been produced and distributed. This spring, as many as 750 units of tractors, cars, and a large quantity of chemical fertilizer were supplied at one time to the rural areas in Chongdan, Yonan, and Paechon Counties in South Hwanghae Province—which are the important granaries along the west coast.

Compared with last year, this year, the production bases of light industry and export goods have been further enlarged and strengthened; and considerably more investments have been made in the coal industry, electric industry, railway transportation, and metal industry.

Therefore, light industrial plants have been actively kept in good order and supplemented; the production process has been actively modernized; and the production of light industrial raw materials, including plastics, has increased. More export goods producing plants, workshops, and work teams have been established. We have been able to effect a new turn in foreign trade thanks to the following: the completion of the construction of a fertilizer entrepot at No. 1 Pier of Najin Port; the introduction of computers at Nampo Port; the installation, at Hungnam Port, of comprehensive facilities for handling magnesia clinker and a 100-tonne hydraulic machine to careen freight cars for unloading cargo; and the introduction of modern and efficient weighing machines into major trade ports. Coal mines have further increased coal reserves and coal pits; and the construction of power plants has been advanced and the existing electricity generating facilities have been effectively utilized. As a result, the capacity to produce fuel and power has further increased. Transport means have been modernized; major railway trunk lines have been refurbished to deal with heavy-duty cars; and more railway lines have been electrified. As a result, we have been able to continue to increase the transport capacity

of railway lines. The chuche-orientation of metal industry has been successfully advanced; and metal plants, including the Kim Chaek Iron Complex, have been kept in better order, repaired, and supplemented. Therefore, we have been able to smoothly meet the increasing demand for iron and steel.

In the process of concentrating many efforts on developing the chuche-oriented industry to promote people's welfare, the heavy industrial plants and enterprises have been able to better contribute to enhancing people's livelihood. As an example, this year, while accelerating the production of machine tools, the Mangyongdae Machine Tool Plant has produced and supplied a numerous amount of equipment—which are necessary for farm machine plants, cooperative farms, and cosmetic plants, lime briquette plants, kimchi plants, and the passenger transport sector—including trashing machines, speed reducers, compressors, double-axle mixers, bleaching powder sterilizers, and multiple damping devices.

As a result of the increase in the might of the chuche-oriented industry, which is directly linked with the people's livelihood, a firmer foundation has been laid so that in the foreseeable future all our people's century-old long-cherished desires—to eat rice and meat soup, put on silk clothes, and live in tile-roofed houses—can be realized.

Such achievements have been made by the wise leadership of the dear comrade leader who is brilliantly embodying the far-sighted plan of the great leader who devoted everything only to the people until the last moment of his life.

The dear comrade leader has opened a wide road for the chuche-oriented industry to better serve to promote the people's welfare.

In this connection, the mutual relations between heavy industry, light industry, and agriculture have been established in conformity with the realistic demands of our country's socialist construction and with the people's aspirations. Therefore, we have been able to enhance people's livelihood in an epoch-making way in a short period of time and to achieve new upsurges in the general economic construction.

Through his historic works and important meetings, the dear comrade leader has brilliantly elucidated the nature, goal, and implementation method of the party's revolutionary economic strategy; and he has energetically led so that we can increase the might of the chuche-oriented industry to promote the people's welfare through the implementation of this strategy.

This year, due to a considerable increase in investments in the sectors directly linked with the people's livelihood, the production foundation of agriculture, light industry, and export goods has been consolidated; and the coal industry, electric industry, railway transportation, and

metal industry have continuously developed. This is a proud reality that shows the wise nature of the dear comrade leader's leadership.

The functionaries and workers in all sectors of the people's economy, who have deeply comprehended in their actual life the justness of the party's policy to make many efforts to develop the chuche-oriented industry to promote the people's welfare, have displayed high revolutionary enthusiasm and creative positiveness in implementing the party's policy.

Examples of such important achievements made in this process follow: By accelerating intensive repair of the facilities in a substantive way, the Hungnam Fertilizer Complex has been able to produce, and supply to rural areas, highly efficient fertilizer; and the Pyongyang General Spinning and Weaving Plant has further increased its capacity to produce cloths by improving technical equipment.

Thanks to the party's wise leadership [yongdo], our people have been able to enjoy a more independent, creative, and happy life politically, materially, and culturally. They are continuing to struggle strenuously, firmly rallying around the party and the leader [suryong], with the single-hearted mind to defend and safeguard the gracious socialist system of our country. Herein lies an important guarantee to consolidate and develop our-style socialism centered around the popular masses and to display higher its might.

In the process of realizing the strategic policy to promote the people's welfare, our people and workers have come to have a firmer, unshakable faith that they will be able to win victory and happiness when they vigorously march forward along the road indicated by the dear comrade leader. They are consolidating the foundation of the chuche-oriented industry by adding force to the economic construction for the victory of the socialist cause.

Number of Tideland Farms Said Increasing

SK2501105295 Pyongyang KCNA in English 1019 GMT 25 Jan 95

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—Tideland farms are increasing in the Democratic People's Republic of Korea.

Two farms have made their appearance recently in Kumsong tideland field.

They are the state June 9 Farm and the state Kumsong farm.

The farms, with well-built irrigation system, have favourable conditions for comprehensive mechanization of rice farming.

In recent years, the Wonpo, Changdo and Wado state farms and the Unjong co-op farm have been founded in the reclaimed land along the west coast of the country

and three farms in the Kwaksan tideland field, which are greatly contributing to boosting agricultural production.

Mountainous Korea has limited fields under cultivation. Therefore, it attaches importance to tideland reclamation and steadily increases investments in it.

With the vigorous reclamation of tideland a hundred and scores of islets have been linked to the land and the length of coastline shortened by hundreds of miles.

Many farms have been formed in the reclaimed land.

A socialist rural community with sufficient educational, cultural and public health facilities has been built in reclaimed tideland around Tasa Islets area in Yomju County, North Pyongan Province.

Tideland farms have been founded with a thousand and hundreds of hectares in Onchon, Chungsan, Pyongwon and Sukchon, South Pyongan Province.

In South Hwanghae Province there are several tideland farms including the Yangji and Namhae co-op farms.

The June 3 Co-op Farm in Onchon County and many other tideland farms yielded more than 8 tons of grain per hectare last year.

South Korea

2d Round of Experts Talks Scheduled for Berlin

SK2601005095 Seoul YONHAP in English 0034 GMT 26 Jan 95

[FBIS Transcribed Text] Berlin, Jan. 26 (YONHAP)—The second U.S.-North Korean experts' talks on light-water technology open here Saturday to discuss a basic reactor supply contract that the North will conclude with the Korea Energy Development Organization (KEDO).

The North Korean delegation headed by Kim Chong-u, vice chairman of the External Economy Commission, is scheduled to arrive in Berlin Thursday aboard an Air Koryo flight. There has been no confirmation of whether the delegation will issue an arrival statement as it did last September for the first experts' talks.

The U.S. delegation led by Gary Samore, deputy director of the State Department's Nuclear Non-Proliferation Division, is to arrive in this German city Friday.

The two sides will discuss details of the construction of light-water reactors in the North based on KEDO regulations agreed by South Korea, the United States and Japan.

Beginning with a plenary session on Saturday, they will reportedly hold two or three more meetings through next Tuesday.

The two sides have reportedly reached an understanding on the core question—that the light-water reactors will be a South Korean model regardless of whether it is

stipulated in writing. It is thought, therefore, that other areas will be contested in the coming talks.

During the first experts' talks in September, chief North Korean delegate Kim made an unexpected demand that the United States compensate his country in cash for freezing its graphite-moderated reactors. The U.S. side is preparing for any similar moves, sources here said.

Workers at U.S. Air Force Unit Call Strike

SK2601062395 Seoul HANGYORE SINMUN in Korean 26 Jan 95 p 23

[Report by Pae Kyong-nok from Songtan]

[FBIS Translated Text] The National Federation of Trade Unions of Workers for U.S. Forces in Korea (Chairman Kang In-sik) on 25 January resolved to go on a general strike due to the collective dismissal notice of Korean employees at an U.S. Air Force unit in Songtan, Kyonggi Province.

The federation held a meeting of its operation committee in its office in Hangang-ro, Yongsan-ku, Seoul, at 1500 on the afternoon of 25 January, which was attended by heads of 16 branch unions across the country, and resolved to go on an alignment strike to demand that the U.S. Air Force unit in Songtan withdraw its plan to subcontract construction of the "Challenger Club," the noncommissioned officers' dining room.

During the meeting, the federation pointed out that the U.S. military authorities' collective dismissal of its union members on 23 January by subcontracting the construction of the unit's dining room to a civilian on the pretext of a budget deficit shows that the collective dismissal of workers at other U.S. military facilities could take place at any time in the future. Thus, 15,000 members of trade unions of U.S. Forces in Korea decided to join the strike of the Songtan branch.

Accordingly, the federation plans to inquire of the Ministry of Labor Affairs if the collective dismissal of union members following the subcontracting of construction of the dining room is legal, and to submit a report on the dispute. Thus, the federation will go on a strike after 1 February when the subcontracting work begins.

The ROK-U.S. Status of Forces Agreement stipulates that the strike cooling-off period for trade unions of the U.S. Forces in Korea is 70 days. However, if the recent collective dismissal is regarded as an illegal labor act, the federation will go on strike ignoring the cooling-off period.

In the event the federation of trade unions of workers of the U.S. Forces in Korea go on strike, the function of subsidiary facilities of U.S. Forces across the country will be paralyzed.

The current decision of the federation was made upon receiving the notice from its Songtan branch union (Chairman Pak Pyong-chan) that at an extraordinary

meeting of its deputies held on the afternoon of 24 January it resolved to go on a general strike with agreement of 29 out of 36 deputies.

U.S. Reaffirms Ties With South on Nuclear Issue

SK2601101395 Seoul YONHAP in English 1000 GMT 26 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 26 (YONHAP)—The United States reaffirmed Thursday that the resumption of inter-Korean talks constitutes part of the Geneva nuclear framework agreement between the United States and North Korea which binds any further progress in implementing the agreement.

The comment was made by the United States Deputy Secretary of State Strobe Talbott who flew into Seoul Thursday afternoon to hold one-hour talks with Foreign Minister Kong No-myong at Kong's office on the political and security situation on and around the Korean peninsula, according to a statement released by the ministry just after the conclusion of the meeting.

Kong and Talbott shared the view that the meaningful progress in inter-Korean dialogues from now on will be a prerequisite to smooth implementation of the framework agreement, according to the statement, although the agreement has been so far carried out in a smooth manner.

The two also agreed that they continue to make joint efforts to lead North Korea to resume dialogues with South Korea, said the statement.

The two also reiterated the position that South Korea will have to play a central role in the provision of light water nuclear reactors to North Korea and that the reactors should be a South Korean standard model.

The North need to take a reasonable attitude in the matter by facing up to the reality, said the statement.

Voicing concerns over Pyongyang's bid to replace the current armistice treaty with a peace pact, the two agreed that the armistice pact is valid until Seoul and Pyongyang reaches a peace pact through bilateral talks.

The two will continue to have talks on security issues surrounding the Korean peninsula when Kong visits Washington from Feb. 4 to Feb. 11.

During the meeting with Foreign Minister Kong, Talbott was accompanied by Winston Lord, deputy assistant secretary of state for East Asia and Pacific Affairs, Kent Wiedemann, deputy assistant secretary of defense for East Asia and Pacific Affairs, and Stanley Roth, special assistant for the president for Asia affairs, National Security Council (NSC).

The South Korean side was represented by Kong, South Korean ambassador to the United States Pak Kun-u, director general of the American Affairs Bureau Yim Song-chun.

Russian Source on Kim Chong-il Power Succession*SK2601113095 Seoul YONHAP in English 1102 GMT 26 Jan 95*

[FBIS Transcribed Text] Beijing, Jan. 26 (YONHAP)—There are much chances that North Korea's Kim Chong-il would rise to state presidency and party general-secretaryship after his 53rd birthday falling on Feb. 16, it was learned here on Thursday.

A senior Russian intelligence source who has recently been to Pyongyang said here that in Pyongyang he heard ranking military and government officials say that things about the issue of Kim Chong-il's rise to full power would be known after his 53rd birthday.

The source observed it is highly probable that power succession by Kim Chong-il would be completed before the international sports and cultural festival slated for April this year in Pyongyang.

He said that judging from what he learned from senior North Korean officials, there seem no major problems so far as his health and power are concerned.

However, the source said, it is believed there emerged a force supporting his half-brother, Kim Pyong-il, who, he said, include some elders in the North Korean leadership and mid-echelon officials of the party, administration and military.

Moreover, in connection with his phased open-door policy, Kim Chong-il has been replacing staffs of major North Korean embassies, such as those in Russia and China, with youthful and progressive-minded officials, the source added.

North Trade Office Head Reportedly Dismissed*SK2601052095 Seoul CHOSON ILBO in Korean 26 Jan 94 p 2*

[Report by Kim Chae-ho]

[FBIS Translated Text] It has been learned that Yi Song-nok, president of North Korea's Koryo National Industrial Development Association [KNIDA], the exclusive channel for ROK enterprises' contacts with North Korea, has suspended all his external activities. On 25 January, officials of ROK business circles related to North Korean affairs revealed that "the KNIDA demanded a certain amount of money when it issued invitations for ROK businessmen to visit North Korea. Once the superior offices heard of this, all of President Yi's external activities were suspended."

Relevant officials in business circles said that "In recklessly issuing invitations to ROK enterprises since 1992 for visits to the North Korea, KNIDA received a maximum \$1 million per case. This was exposed upon investigation by superior offices, and as a result, President Yi has not shown up in Beijing ever since October

of last year." They added that "there is even a rumor that KNIDA was dissolved and that a new organization will replace it."

Meanwhile, Kim Chong-u, chairman of North Korea's External Economic Cooperation Promotion Committee (also vice chairman of the External Economy Commission) who has overall responsibility for the development of Najin-Sonbong district, came under the suspicion of having received bribes, and was investigated. However, the rumor could not be confirmed. There was also a rumor that Kim Tal-hyon, former vice premier and chairman of the State Planning Commission who was replaced after being found partially responsible for the failed third 7-year (1987 to 1993) economic plan, had also accepted bribes.

KNIDA exclusively handled trade and investment activities with nations that North Korea has no diplomatic relations with. In recent years, KNIDA actively carried out economic cooperation with ROK business groups, as well as activities to induce investment in the Najin-Sonbong district. Since 1992, KNIDA has unofficially acted as a subordinate organization of the Workers' Party. Since last year, however, it resumed working as an organization answering directly to the Administration Council.

A graduate of the National Economic College, Yi Song-nok, held the position of vice chairman of the External Economy Commission, vice chairman of Foreign Affairs Committee of the Supreme People's Assembly, and chairman of the committee for promotion of international trade, and thus has been deeply involved in North Korea's external economy. He is known as a technocrat who has been consistently involved in the economy and trade domain. As KNIDA president, Yi recently handed over invitations to South Korean business firms' representatives in Beijing through informal contacts.

DPRK Reportedly Proposes Joint-Venture Bank*SK2501115395 Seoul YONHAP in English 1117 GMT 25 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—North Korea has informally proposed to create a contractual joint-venture bank among South and North Korean and Chinese banking institutions so as to spur South Korean industries' investment in the North, a business source said on Wednesday [25 January].

The source said the overture was conveyed to the government and relevant banks of the South toward the end of last year by a South Korean businessman who is promoting a massive joint-venture investment in North Korea.

In response, five South Korean banks have recently obtained government permission to come in contacts with North Koreans to discuss the proposal, he said.

The five are the Ex-Im, Cho-heung, Seoul, Hanil and Commercial Banks.

The source said the offer was made by the North Korean Credit Bank, calling for the creation of a tri-party contractual joint-venture bank and participation in it by the banks of South and North Korea and China in the form of a consortium.

The proposal, the source said, seems aimed at helping improve the North's investment environment as North Korea fears South Korean industries are loath to invest in the North because of its poor foreign exchange situation.

Moreover, the four banks other than the Ex-Im Bank try to conclude correspondent agreements with North Korean banking institutions as a first step toward smoothly handling trade settlement and remittances, the source added.

KNR Report Says North's Railroads Inefficient

SK2501020295 Seoul THE KOREA TIMES in English 25 Jan 95 p 3

[FBIS Transcribed Text] Railroads are the most important means of transportation in North Korea, but their efficiency stands at no more than 60 percent due to superannuation of facilities and operational problems.

This was revealed in a report by Kim Han-tae, a department chief of the Korean National Railroad [KNR], which was released Monday.

The report showed that railroads account for 62 percent of all passenger carriage and 90 percent of cargo shipment.

The KNR official said in his report that North Korean railroads comprise about 70 lines which are mostly single track with the exception of two, which are the 36km line between Pyongyang and Sunan and a 103km linking that east coast harbor of Chongjin to the mining area of Musan.

Since North Korea depends almost entirely on railroads for transportation, railroads are overcrowded in general causing most trains to run at reduced speeds, he said.

For instance, he explained, the average speed of the "super express international train running between Pyongyang and Beijing of China, the fastest in the North, is 60km per hour."

The deluxe Saemaul-ho train in South Korea serves the Seoul-Pusan Line at an average speed of 106.7 km per hour.

For many trains, it takes more than 20 to 30 hours to cover the whole length of lines within North Korea, according to the official.

Dailies Comment on 'Grand National Meeting' *SK2601123995*

[FBIS Editorial Report] The following is a compilation of editorials and an article from ROK vernacular newspapers published on 26 January on North Korea's proposal for holding a "grand national meeting."

Conservative CHOSON ILBO on page 3 carries a 1,200-word editorial entitled "Is North Korea Playing the Game of a 'Grand National Meeting' Again?"

The editorial says that one can easily find out the North Korean proposal is deceptive, adding that the proposal is intended to shake South Korean society. The editorial concludes: "We must map out practical and reasonable measures to prevent North Korea from pursuing deceptive propaganda strategies. Instead of being merely defensive, we must even raise the human rights issue, for which we can win support from democrats and pacifists from all over the world; tackle North Korea's united front strategy head-on; and help practically improve North Korean people's lives."

Moderate TONG-A ILBO on page 3 carries a 1,100-word editorial entitled "A Grand National Meeting, Again?"

The editorial first says this proposal is part of North Korea's "outdated strategy toward South Korea" and its "tactics to avoid North-South dialogue and pass the blame for a failure to hold North-South dialogue to the South Korean Government."

Moderate HANGUK ILBO on page 5 carries a 2,000-word editorial entitled "Again Comes a Stage of Probing for North-South Dialogue."

The article says that it is not clear that the proposal will be implemented immediately and that very many obstacles are ahead for holding the proposed meeting. The article then says that North Korea advanced this proposal to "continuously consider South Korea to be its primary enemy and, thus, consolidate its society."

Moderate KYONGHYANG SINMUN on page 3 carries a 1,000-word editorial entitled "North-South Relations Must First Be Improved."

The editorial says reunification is a matter that must be discussed between the North and South Korean authorities, not at a grand national meeting, adding that such a meeting will not be beneficial to improving North-South relations. The editorial concludes: "North Korea must realize dialogue between authorities based on mutual trust is a shortcut to improving North-South relations and a key to eventual reunification."

Left-leaning HANGYORE SINMUN on page 3 carries a 1,000-word editorial entitled "'Grand National Meeting' and 'Vice Ministers Talks'." The editorial says "unproductive arguments between North and South Korea run counter to the fellow countrymen's earnest

desire for reunification," saying that unless the ROK Government positively tries to open the door of North-South dialogue, it will not be able to avoid being criticized for trying to resolve the national issue by relying on progress in U.S.-North Korea relations." The editorial expresses its hope that North Korea's proposal for a "grand national meeting" and South Korea's proposal for "vice ministers talks" will provide a key to opening North-South dialogue.

Swiss Ambassador on Armistice Commission, Trade

SK2501020595 Seoul THE KOREA TIMES in English
25 Jan 95 p 1

[Report by Pak Sung-yong]

[FBIS Transcribed Text] Though it is of course quite obvious nowadays that the Military Armistice Commission (MAC) mechanism has not functioned the way it used to, all the participants of the commission should be relatively reluctant to tear down the existing structure without having a sound basis to replace it, Swiss Ambassador to Korea Walter Fetscherin said.

"The MAC mechanism has not functioned properly for many years. We deplore the situation as we have participated in it for more than 40 years. We remain in the opinion that the effectiveness of the present setup has not yet been exhausted," Ambassador Fetscherin said in an interview with THE KOREA TIMES.

"I think, first of all, it is quite clear that any change to the system for a peace agreement is an illusion if South Korea is not directly involved," he said.

It is true that the latest events, particularly North Korea's release of a U.S. helicopter pilot, have suggested that all participants should do some brainstorming about the MAC and the Neutral Nations Supervisory Commission (NNSC), the ambassador said.

"But I think that the effectiveness of the system has not yet exhausted and that any change must use it as a starting point," he added.

With regard to the prospect of the reunification of Korea, Amb. Fetscherin said that his impression is that the time has not yet arrived.

He advised that the two Koreas should start with human contacts and human exchanges and so on, and began ties on the level. "You shouldn't be over ambitious and it should move slowly, step by step," the ambassador went on.

But he said that in the end, he is confident about the reunification of this country. "For the time being," he said, "I think patience and flexibility should be indicated by both sides."

"Our country is very far from this region but we have always taken a great interest in the Korean question,"

said Amb. Fetscherin whose country is represented in the Neutral Nations Supervisory Commission (NNSC) in Panmunjom.

Asked about the present state of relations between South Korea and Switzerland, the ambassador said, in the political arena, "Our relations have been excellent, I would say."

"With regard to trade policy matters," he continues, "There are still some problems, which can be resolved in an amicable way."

According to the ambassador, the Swiss government placed a lot of emphasis on improving contacts between the two countries in the science and technological research field last year and it will continue in that direction this year as well.

"Particularly, we are emphasizing cooperation between small- and medium-size companies in this field," he said.

Reviewing the current trade ties involving the two countries, the 50-year-old ambassador said, "Trade volume last year registered \$840 million and it will be more than \$1.1 billion this year."

But he added that the actual volume is much higher than the figures because they do not represent real trade exchange made actually between the two countries.

"Many Swiss goods comes to Korea via Hong Kong. The same goes for Korean exports to Switzerland. Lots of Korean goods go first to seaports in a third country because we are a land-locked country. Then they are shipped to Switzerland after being slightly changed and transformed," he said.

He said that with regard to two-way investment, figures are still lopsided. "Switzerland was the fifth largest investor in Korea at the end of 1993. We had 361 million-dollars invested in 68 projects which makes up 4 percent of all foreign investment here," the ambassador said.

Swiss companies, he said, are very much interested in investing more in Korea and conditions are now changing favorably for this.

"You know that it was still, to a certain extent, quite difficult to make any investment here until recently but the government has taken significant measures in this regard," he said.

However, he expressed concern over intellectual property rights. "Though the legal situation is well being streamlined but there are still some practical problems," the ambassador said.

On the other side of investment, he continued, Korean direct investments in his country are almost nil.

"There are only a few companies which have representative offices and just two Korean banks have branch offices there. The number is really very small," he said.

With regard to indirect investment, Korean companies are increasingly interested in floating convertible bonds in the Swiss capital market as "we have relatively low capital interest," he said.

"Until now, 23 Korean companies have raised \$1 billion which makes up 15 percent of all those loans brought by Korean companies," he said.

Amb. Fetscherin, who has been assigned here for five years, praised the Korean government for adopting the policy of globalization, which he said is "certainly a timely key word" in this fast-changing world with its fabulous communication networks and growing international interaction.

"Korea is now at the stage of becoming fully industrialized and I think it is certainly very wise of the government to follow this path to globalization as speedily as possible," he said.

Reflecting his country's past experiences, he said opening up is very helpful not only for the competitiveness of a country, but also for changing people's mentality and way of thinking.

"Switzerland is a very small country surrounded by big powers. So, we have been more or less compelled to globalize early in our history," the ambassador said.

"Some people say this opening chokes your own culture but I think it is rather the opposite," he said. "Your own culture becomes stronger and more competitive."

He also said that language is very important in globalization because "it is not only a means of communication but a way to understand each other," taking large Swiss multinational companies as an example.

"If you have command of a language, then you are able to see how your partner is thinking, that is, understand each other's mentality. To understand each other is much more important than to communicate," he said.

Even at the headquarters of large Swiss multinational corporations in Switzerland, he stressed, English is the language they use because it shortens all the process of communication.

The ambassador predicted that it will take some time for Koreans to realize isolation is not beneficial in the rapidly globalizing world. "Koreans are reluctant to open up to the outside because isolationism is still inherent in Korean culture," he said.

Strategy for Geneva Talks on Markets Viewed

SK2601022395 Seoul THE KOREA TIMES in English
26 Jan 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Korea will ask its major trading partners to end their lingering discrimination against the country's financial institutions operating in the United States, the European Union, Canada and Australia in the forthcoming multilateral talks to open global financial markets, to be held in Geneva Jan. 30-Feb. 3.

For the first time following the formal launch of the World Trade Organization (WTO), negotiators of major countries are scheduled to get together to negotiate the opening of each other's financial markets, by the self-imposed deadline of June 30.

Korea will dispatch its officials from the Ministry of Finance and Economy and the Foreign Ministry. The officials say they will adopt an "eye-for-an eye" strategy in the negotiations, meaning that Korea will link its market-opening to similar kinds of concessions from other major countries, in a major U-turn from the past "defensive attitude" of seeking to divert foreign pressure to open the domestic financial market.

They said as Korea has made significant progress in financial market opening, they will ask the other countries to solve troubles facing Korean financial institutions overseas.

Officials say that Seoul will ask Australia to permit Korean banks to deal in the full range of commercial banking business there. Currently, Korean banks are allowed to enter the Oceanic market only through trade finance companies.

Seoul will also urge the United States to simplify its repetitious and cumbersome processes in its supervision and licensing of Korean banks there, officials added.

Korean insurers complained that a few U.S. states, including Alabama and Florida, are asking them to get state licenses before federal licenses. Such dual licensing requirements serve as a stumbling block to the quick and efficient operation of Korean insurance companies in the United States.

Furthermore, the United States will be asked to scrap its long-term discriminatory practices against Korean banks, which have been barred from locating branches inside the Chicago Loop Area where the majority of Korean residents live, government officials said.

They will also urge the U.S. Federal Reserve Board to free Korean banks not insured with the Federal Deposit Insurance Corporation from the requirement they keep a specific amount of assets as "pledged assets."

In the Geneva meeting, which is to be held at the head office of the World Trade Organization, Korean negotiators will ask Britain to soften or scrap its "discriminatory and punitive" requirements that Korean banks maintain capital equal to 16 percent of their assets, higher than the ratio for British banks, officials said. This practice is said to be costing Korean banks, government officials said.

Germany is also asking Korean banks there to keep the "punitive rate" of 12.1 percent of their borrowing from Seoul head offices as a reserve.

Korean banks in Germany must follow the so-called co-manager system. One of the two bank's heads must be German. This costly and nationalistic practice has eaten away at the profitability of Korean banks there and their autonomous pursuit of business strategies, officials said.

Korean banks are also facing difficulties in Canada where they are unable to extend loans and payment guarantees to their parent banks and affiliated companies. They are also prohibited from accepting deposits from them, officials said.

Official Visits Moscow To Inspect Embassy Site

SK2401004495 Seoul THE KOREA HERALD in English 24 Jan 95 p 2

[FBIS Transcribed Text] Assistant Foreign Minister for Planning and Management Min Hyong-ki is visiting Moscow to inspect a site for building the Korean Embassy. Foreign Ministry officials said.

They said Russia has offered two prospective sites for the embassy, one in its diplomatic compound.

The South Korean government is expected to choose one of them for building its embassy after Min returns to Seoul.

Under an agreement reached between the two countries in August, 1993, they are to barter land in each other's capital cities for building their respective embassies.

Russia has already selected for its embassy a site near the residence of the U.S. ambassador in central Seoul, which used to be the campus of Paejae High School.

In addition, Assistant Minister Min and Russian Vice Foreign Minister Alexander Panov are expected to tackle the thorny issue of Korea's compensations for some 6,000-pyong land in Seoul that used to be the Russian Legation in the late 19th century.

Russia completely withdrew from this country in 1946, one year after Korea's liberation from Japanese colonial rule.

The South Korean government nationalized the land in 1970 when it still lacked diplomatic relations with the then Soviet Union. The two opened diplomatic ties in 1990.

Soviet diplomats in Seoul raised the issue right after they opened a consular office in 1989, which was upgraded to an embassy in 1990.

After years old debates, the Seoul government in 1993 acknowledged the past ownership of the land by Russia and agreed with Moscow to pay compensation for it.

Part of the old Russian Legation is now a city park and the rest is owned by private citizens.

Seoul, Romania Agree on Communications Cooperation

SK2501114095 Seoul YONHAP in English 1110 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—South Korea and Romania on Wednesday [25 January] agreed to step up bilateral cooperation in the area of communications.

At the 2nd Korea-Romania Communications Cooperation Committee meeting held in Seoul, the two countries decided to conclude a memorandum of cooperation among the Korea Telecom, LG Information and Communications Co. and the Romanian Telecommunications Corp.

The meeting was attended by Vice Information and Communications Minister Yi Kye-chol on the Korean side. The Romanian representative was Vice Communications Minister Virgil Popescu [spelling of name as received].

When the memorandum is signed as planned, Korea Telecom and LG Information and Communications would be able to take part in communications development projects in Romania.

Romania seeks to lay optical fiber cables totaling 3,500km and expand its telephone distribution ratio from the present 11.4 to 25-30 sets for every 100 persons by 2005 at a cost of 8 billion dollars.

Response to Secret Meeting of DLP Conservatives

SK2501090895 Seoul YONHAP in English 0839 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—After a secret gathering of conservative, right-wing members of the ruling Democratic Liberal Party (DLP) was detected Tuesday [24 January], various factions have reacted in a keen and sensitive manner.

This quick response is considered a natural consequence of the party's latest condition following the resignation of its former chairman, Kim Chong-pil, to create a new party.

But each faction's reaction has been different, with most members seemingly attaching little importance to the secret meeting of six DLP lawmakers at a Seoul hotel Tuesday morning.

The "Minju (Democratic) Faction" is keeping silent without reading any big meaning into the meeting, while still maintaining a watchful eye in case the situation moves in an untoward direction.

Most members of the "Minjong (Democratic Justice)" and "Konghwa (Republican)" camps are just sitting back and watching developments as they have problems of their own.

In fact, a party source said no detailed discussion on the political future of former Chairman Kim Chong-pil may be forthcoming.

The DLP floor leader quoted a participant in the meeting as saying that "once they sat together, the atmosphere was such that they rarely talked with each other."

Another DLP official speculated that the six only exchanged views on changing the party's name, its reform drive, and revisions to its platform and regulations.

Although such Kim Chong-pil confidants as Reps. Ku Cha-chun and Chong Sok-mo attended the meeting, they could hardly reach any agreement on forming a new party, the official guessed.

Another DLP postholder blasted the participants for using a "trick" to attract public attention—changing the meeting site and tipping off reporters in advance.

The analysis by the Minju Faction holds that their action was an apparent plot to boost their status through a "collective deed."

Most Minju members seem to consider the participants—No Chae-pong, Kwon Ik-hyon, Chong Sok-mo, Ku Cha-chun, Sin Chae-ki and Yi Taek-sok—as "unsuitable" for the current trend of globalization and reform.

No is thought to be the first man who would leave the DLP should a decisive time arrive in view of his persistent criticism of the government since its inauguration in February 1993.

Nevertheless, the Minju Faction seems mindful of the rising number of conservative members that might follow Kim Chong-pil in bolting the party.

They are also nervous about another "secret" gathering Tuesday afternoon at a hotel in Taegu city where "TK (Taegu and North Kyongsang Province)" figures such as Pak Chun-kyu, Pak Chol-on and Yu Su-ho got together to discuss the latest in politics.

Moreover, DLP lawmaker Kim Pok-tong was reportedly in contact with Kim Chong-pil for several months seeking a political alliance in the future.

Two key postholders from the Minjong Faction—Kim Yun-hwan and Yi Han-tong—attach little significance to the six-member meeting and say only a few would follow Kim if he created a new party.

"Kim Chong-pil's new party, if created, will only represent a specific province," one DLP official said.

But soldier-turned-politicians and right-wing members of the Minjong Faction predict that the number of lawmakers acting in concert will rise if they find a good reason to follow.

Government Begins Study Meetings on Globalization

SK2601035095 Seoul YONHAP in English 0245 GMT 26 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 26 (YONHAP)—The government kicked off a program aimed at expanding officials' awareness of globalization with a special study meeting Thursday attended by 69 high-level officials, including Prime Minister Yi Hong-ku.

Other cabinet ministers and heads of government organizations attended the special study session at the central officials training center in Seoul.

The Government Administration Ministry will hold another study meeting Friday, with 81 vice ministers and heads of state-invested corporations taking part.

Study meetings are also slated for March 10 and March 15 for director general-level officials of central government ministries, followed by separate meetings of each ministry for director-level and lower-echelon officials by the end of March.

Through the series of study meetings, the government believes that officials will arrive at a consensus on the country's globalization programs.

Thursday's study session started with a lecture by Kim Chin-hyon, co-chairman of the globalization promotion committee, followed by policy proposals and debate on the economy, trade, diplomacy, national security, general administration, society and welfare.

In a welcoming speech, Prime Minister Yi asserted that the officials must be reform-minded in pushing for globalization so that it can spread throughout the country.

Yi emphasized that the Kim administration must chart a reformative course guaranteeing freedom and autonomy for the private sector through the realization of a small and efficient government.

Co-chairman Kim said officialdom must boost its transparency and openness in line with the country's democratization by reducing the number of public servants and having officials specialize in certain fields.

Kim Receives Report From Security Agency Chief

SK2101015895 Seoul THE KOREA HERALD in English 21 Jan 95 p 2

[FBIS Transcribed Text] The South Korean national intelligence agency will reinforce its operations against terrorism, drug trafficking, smuggling and international crime this year, the chief of the agency said yesterday.

Kwon Yong-hae, director of the Agency for National Security Planning (NSP), also reported to President Kim

Yong-sam that his agency will endeavor to ensure security of national secret and up-to-date industrial technologies.

Chongwadae [presidential offices] spokesman Yun Yochun said Kwon said the agency will continue to enhance its intelligence activities on North Korea.

The NSP intelligence operation on the North will focus on gathering accurate information about the situation in the North, which, Kwon said, is in a transition period following the death last July of Kim Il-sung.

The agency will also strengthen its overseas operations to back up the administration's globalization scheme, the spokesman quoted Kwon as saying.

Yun said that President Kim instructed Kwon and senior NSP staff to exert their best efforts to meet the rapidly growing demand for a larger volume of fast and accurate information.

President Kim received the New Year's business report from Kwon, former defense minister who took over the powerful NSP in a cabinet reshuffle last Dec. 23, in a closed-door session at Chongwadae.

Kim Receives Martin Luther King Peace Prize

SK2601035195 Seoul YONHAP in English 0230 GMT
26 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 26 (YONHAP)—President Kim Yong-sam received the "Martin Luther King, Jr. nonviolent peace prize" Thursday morning from the Martin Luther King Center, a U.S. institute promoting peaceful social reform.

The peace prize was presented to the chief executive by Mrs. Coretta Scott King, the widow of the late U.S. civil rights leader and director of the center, in a Chongwadae [presidential offices] ceremony.

Some 190 people from various walks of life including National Assembly speaker Hwang Nak-chu, Prime Minister Yi Hong-ku and U.S. Ambassador James Laney attended the presentation ceremony.

Accepting the prize, President Kim said, "It is a great honor and privilege for me to receive this prestigious King peace prize, as there are many other deserving people who have made outstanding contributions to the cause of freedom and human rights."

Referring to the North Koreans, Kim said, "In the past half-century since this land was divided, they have suffered from repression and poverty, without experiencing for even a fleeting moment the happiness of living as free human beings. We will continue to try our best to help bring our compatriots in the North an era of freedom, human rights, peace and prosperity."

With regard to relations between ethnic Koreans and African-Americans, he said, "It is sad to recall that there

were periods when the relationship between African-Americans and Korean-Americans, who often live in close daily contact with each other, deteriorated. However, I believe we are successfully overcoming such problems."

Presenting the prize, Mrs. King remarked, "President Kim's life and work provide an inspiring example of dedication to the principles of nonviolence in the movement against political repression and injustice.

"We present this award with the faith that it will also build new bridges of understanding and friendship between African-Americans and Koreans."

The Martin Luther King peace prize is given every year to a recipient selected for having fought for the causes of human rights and democracy, while adhering to the principle of nonviolence. Previous winners include U.S. black leader Andrew Young and former Presidents Mikhail Gorbachev of the Soviet Union, Corazon Aquino of the Philippines and Jimmy Carter of the United States.

Following the presentation ceremony, President Kim hosted lunch for Mrs. King at Chongwadae.

*** Kim Yong-sam Reportedly Faces Political Crisis**

952C0041A Seoul IRYO SINMUN in Korean 6 Nov 94
pp 4-5

[By journalist Pak Min: "A Super Card Second Only to the Famed Financial Measure in Impact" ... Is It Directed to the Business World or Politics? Either Way, Earth-Shaking Upheaval Likely ... Some Say Such Measure Unlikely Though"]

[FBIS Translated Text] "The atmospheric current in the political sphere is ominous." This is the word currently being whispered, apprehensively, in a section of the business world. People say it smells of a storm in the making, the kind of smell they know of by repeated experience in the past. Business circles have become especially nervous because some of them think that it is perhaps headed for them.

As the basis of their observation, business circles first of all cite the fact that the prosecution's investigation in the Songsu Great Bridge collapse case is intensifying daily. After the National Assembly voted confidence in the cabinet on 28 October, business circles drew a sign of relief, thinking that the trouble had been contained. But they realized belatedly that they were wrong. They now feel that recent moves of the prosecution apparently suggest that something ominous is in the air.

It is because the prosecution views Dong-A Construction Co. as the primary culprit in the Songsu bridge case and is apparently determined to press its inquiry into its responsibility. This atmosphere is becoming increasingly conspicuous as the investigation goes on.

Business Circles

For some time following the collapse of the bridge, tensions mounted not only at Dong-A Construction Co. but also in the entire business world. It was because the disaster was so devastating that it seemed impossible to expect an amicable settlement.

Construction is Korea's key industry and virtually all major groups are involved in it. Therefore, the reality is that if all wrongs in the past were to be scrutinized, strictly by rules and principles, no one in this business can be perfectly safe.

In fact, it is known that immediately after the incident, authorities looked into the records of all similar incidents in the past. In regard to Dong-A Construction in particular, a thorough auditing was made of all government-contract projects in the past to determine if there were any traces of shoddy work. As a result, in addition to the Songsu bridge case, a suspicion arose that it did a job cutting corners in a land reclamation project at an unidentified place, which reportedly added to the tensions.

Meanwhile, Choe Won-sok, president of Dong-A Construction—who first strongly denied his company's responsibility with assertions that "we are by no means at fault"—later announced at a news conference hastily arranged that his company would contribute 150 billion won in the restoration of the bridge and another 10 billion won in a maintenance fund. His action was seen as indicating his belated awareness of the mounting tension in the situation.

Other construction firms braced up as well. It was because an auditing of construction firms by the Board of Audit and Inspection, conducted immediately before the Songsu bridge disaster for facts of scamped work in the construction industry, had uncovered such cases involving 12 leading firms in the country, including Samsung Construction Co. And the bridge disaster had the effect of adding insult to injury. A sense of crisis prevailed in business circles, which feared that if the situation deteriorated, the trouble would spread all over the industry. Thus, they declared a state of emergency by, among other things, setting in motion a self-monitor device to prevent shoddy jobs.

Meanwhile, a certain group, which carried out extensive mergers of affiliated firms several days ago, departed from the original plan and hastily merged its construction firm—which had become a target in the inquiry—in another firm that had no business connections with it. Some view the group's action as having something to do with the highly charged political atmosphere.

Despite all such safety measures, apprehensions gripping business circles would not easily disappear. While saying "How could anything happen to us?" they seem seized at heart with anxieties that "if things go on like this, another top business leader or two may be taken into custody." It is because heads of conglomerates put in

prison or dragged into court have by no means been an infrequent sight since the start of the civilian government.

Moreover, rumors from an unidentified source lately circulating in business and political quarters added to their anxieties. They claimed that "President Kim Yong-sam, facing a crisis midway into his term because of successive mishaps including the Songsu bridge collapse, is considering an extraordinary measure which will be next to none in impact but the decree banning use of aliases and borrowed names in financial transactions."

The financial decree was the greatest super card cast by President Kim so far, absolutely contributing to consolidating the foundations of power of his administration in its initial days, and to enhancing its legitimacy and image. Therefore, true or not, the rumors that the president is readying a "second super card" are spreading rapidly in business and political quarters, with considerable persuasion.

Still, business circles doubt the validity of such rumors, wondering if it really is possible for the president to come up with something like that at this point of time. In short, they think that there is no legitimate reasons for it. Whether the head of a company would be taken into custody in the Songsu bridge case is not a problem grave enough to justify a super-card debate. Real estate prices maintain stability and the stock market is calm and there can hardly be anything that warrants an extraordinary presidential measure, according to views prevailing in the business world.

However, a minority group, reportedly having a sense of growing crisis, differs with those views. They say "Yes, there is a cause for alarm. You are just not trying to see it." They fear "if President Kim is going to touch on the 'forbidden area' hitherto thought to be the 'last thing' he would ever do." The "forbidden area" in this case precisely means separation of "ownership and management" of conglomerates. They predict that if President Kim is, as rumored, really considering a super-card action that would renew the political climate a hundred percent, it would just be that—the separation of ownership and management that is tantamount to the dismantling of conglomerates.

As one of their reasons, they cite the fact that Han I-hon, a strong advocate of the separation of ownership and management, recently entered Chongwadae as senior presidential secretary for economic affairs. Han has been vigorously pushing reform theories that without separating ownership and management in the conglomerates, it is impossible to make further economic development or eradicate the sources of corruption.

Those believing that business is in peril observe that "the fact that President Kim brought him in close to him as his senior secretary for economic affairs, putting away Pak Chae-yun, who was unwilling to leave Chongwadae

for another post in the cabinet, itself suggests that the president is perhaps considering a 'second extraordinary measure.'"

Whether such an extraordinary measure will really be carried out is very much uncertain. The reason: It is doubtful if the formidable order of power built up in the past half century can be altered by the will of a president alone.

An attempt to dismantle conglomerates is tantamount to a declaration of war on the business world that represents the largest body of vested rights and the biggest power group in Korea. Considering the huge power base built by the conglomerates in the political and economic spheres, media and various other sectors, such an extraordinary measure literally means a full war against all collectives of vested rights. It will be extremely difficult to foresee the outcome, because the real power of the vested rights camp built around the conglomerates is so enormous.

Therefore, the objective reality is that rumors of dismantling such conglomerates are viewed as a mere conjecture and as unrealistic. It is true that President Kim has the power to push for something that no one else can imagine, but ...

Meanwhile, rumors circulating in political quarters are different from those in the business world in angle. In political quarters, too, there are widespread speculations that Chongwadae is perhaps preparing an extraordinary measure of a certain nature.

According to them, the alleged super-card measure is directed against Yonhuidong reportedly busy making preparations for a new political party.

Political Quarters: "War on Former Ruling Clique"

On the 15th anniversary of the assassination of President Pak Chong-hui on 26 October, some 2,000 paid their respects to the late president's tomb, including three former presidents, Chon Tu-hwan, No Tae-u, and Choe Kyu-ha. As the fact shows, a regrouping of forces of the former ruling clique have become increasingly open lately. An opposition assemblyman, who saw the memorial service that day, observed that "all personalities lying in ambush for an opportunity to make their return to politics are here today."

The memorial service that day was not the only time the former ruling clique leaders got together. An aide close to Chon Tu-hwan would unhesitatingly say to people he meets "Yonhuidong is having so many visitors these days that you can hardly find space to plant a foot." He said that the former president "maintains broad contacts with people regardless of their past, except for a handful including former assemblymen Choe so-and-so and Pak so-and-so whom he regards as absolutely unforgivable."

In addition to former leaders, they even included ex-bureaucrats who had been in key posts until they retired

recently because of dissensions with the faction in power and journalists who have been dismissed. Chon's contacts were that broad, said he.

The No Tae-u side is not as busy as the Chon side. Still, he has taken on a confident posture, which is a hundred percent change, hosting recently an open gathering of Kyongbuk High schoolmates and making a public speech. He is having frequent contacts with No Chae-pong, Democratic Liberal Party [DLP] adviser, and others close to him from the Sixth Republic days. He also maintains contact with former Rep. Pak Chol-on, who was recently released from prison, according to reports.

The air is filled with rumors about new-party moves of the forces of the former ruling clique, including that so-and-so's would be members of a founding committee, that the former presidents will not come to the fore but control the moves from behind the scenes, and that "considerably large funds are changing hands already."

Especially, as President Kim's popularity has declined rapidly lately in the wake of successive large-scale disasters, new-party rumors took on a touch of reality in inverse proportion to it, gaining strength.

According to whispers in political quarters, "money and people are no problems. The problem is to find the right cause and right timing." They suggest that "the new-party movement perhaps has found what it has been looking for."

Therefore, according to the interpretation by political circles, Chongwadae recently decided that it should no longer tolerate such moves of the former ruling clique. This decision, they say, has been leaked outside in the form of an extraordinary presidential measure as rumored.

Then, what form do they think the rumored measure will take? Most persuasive of a variety of speculations is the one that Chongwadae will seek out and remove the sources of funds for such moves.

Rumors widely circulating in political quarters have it that the two former presidents had—over extended periods before their retirement—secured political funds of astronomical sizes, and that however, facts of the funds were unveiled to considerable degrees because of the decree banning use of aliases and borrowed names in financial transactions. In particular, as for one of them, he was caught by the financial decree and, as a result, huge amounts of funds he had put in long-term bonds were all exposed, according to stories widespread in political and financial quarters. The funds thus exposed would be the first-phase target of an extraordinary measure being prepared, say observers.

This observation has a growing touch of reality as the RDP [former Reunification Democratic Party] faction in the DLP made it clear that "as long as the former presidents stay peaceful, we will treat them with respect. But if they declare a war on us, we will respond with a

war." If an extraordinary measure as rumored should become a reality and, as a result, vast fortunes allegedly amassed by the former regimes are brought to light, and if it should be followed up by legal actions bringing them to task for the funds, it would undoubtedly trigger an earth-shaking upheaval. At the same time, the measure would clearly serve as a proclamation to the nation of the rebirth of the Kim Yong-sam government—literally as the "second reform-oriented government" as the president once put it—drawing a clear line separating it from the former ruling camp.

Hopes are being expressed that if such a measure should become a reality, it would lead to sweeping social reform—as sweeping as Italy's "Clean Hands" movement—basically different from conventional stop-gap measures to appease public opinion such as cabinet shake-ups or government and party reshuffles.

Considering the fact that the "Clean Hands" movement, now in its third year, brought a business slump to Italy in the first months but has subsequently proved to be a powerful driving force for growth, the probability of a "Korean version of the Clean Hands" movement is sufficiently high.

According to observations by politicians familiar with President Kim, when he recently rejected the opposition's demand for a wholesale cabinet shake-up, he did so not because he, as alleged by the opposition, was preoccupied with issues relating to the impending regular National Assembly session but because "he undoubtedly was thinking of making another bold, make-or-break move."

An extraordinary measure President Kim is said preparing ... what is it in fact? How it will come off is the focus of attention at the moment.

Poll: Little Interest in Upcoming Local Elections

SK2301115695 Seoul YONHAP in English 1033 GMT 23 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 23 (YONHAP)—People in South Korea are little interested in the local elections slated for June 27 this year, a recent opinion survey has indicated.

The people in general are also indifferent to or dissatisfied at the present local council activities.

A poll taken toward 1,000 adults in ten major cities jointly by the Local Autonomy Institute of Hanyang University and Korea Broadcasting System (KBS), showed that only 8.9 percent of the pollees were aware of the exact date of the elections.

Besides, 53.9 percent of the respondents did not know which officials the upcoming elections are supposed to elect.

As to the desirable occupation of the heads of local autonomy bodies, 47.4 percent gave professional people.

Other occupations given were bureaucrats (15.2 percent) and politicians (13.8 percent).

When it came to local council members, 43.6 percent cited professional workers as the most hoped-for occupation, followed by politicians (17.4 percent) and bureaucrats (14.3 percent).

Asked to evaluate the present local council activities, 51.8 percent replied they think their activities are "so and so." Another 33.8 percent said they were dissatisfied at the activities.

As the most important duty facing local autonomy body heads, 24.6 percent gave the prevention of corruption, followed by regional economic development (20.1 percent) and securing of firmer local self-ruling (16.1 percent).

Of the pollees, 45.1 percent said they are willing to bear a little more tax burden if it leads to establishing a firmer local autonomy system while 35.8 percent said they are against any additional tax burden.

Minister Announces Relaxed Foreign Exchange Rules

SK2601021395 Seoul YONHAP in English 0142 GMT 26 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 26 (YONHAP)—Overseas travelers may take with them up to 10,000 U.S. dollars in spending money when they leave the country starting in mid-February. At present, overseas travel expenses are pegged at 5,000 dollars per person.

Overseas remittances of foreign exchange will be liberalized for up to 5,000 dollars per payment in mid-February, too, though such remittances must be reported to the Bank of Korea.

These foreign exchange market liberalization measures will be taken as part of plans to deregulate the market by 1999, Deputy Premier and Finance-Economy Minister Hong Chae-hyong said in a speech at a breakfast meeting of a world economic institute here Thursday.

With the ceiling on overseas travel expenses rising to 10,000 dollars, individual citizens may now purchase and hold up to 10,000 dollars in foreign exchange a year.

The opening of overseas offices by trading houses, now restricted to those earning more than 300,000 dollars a year, will also be liberalized in mid-February. Consequently, registered trading companies may now open an office overseas, regardless of their foreign exchange earnings, and these overseas offices will not be restricted in use of foreign exchange for their operations.

The chief economic policy-maker said securities companies would be allowed to deal in foreign exchange in March, provided that such dealings are related to securities investment at home and abroad.

In return, banks and insurance companies will be allowed to sell national and public bonds in March and the latter half of the year, respectively, advancing the scheme to reform financial institutions between 1996 and 1997.

Many of the reform measures, including establishing a financial futures market, expanding and specializing financial institutions to increase their competitiveness and redrawing the business border lines between banks and securities houses, will be taken before the nation's admission to the Organization for Economic Cooperation and Development in 1996, Hong said.

Minister Unveils Plans for Bond Market Opening

SK2501020395 Seoul THE KOREA TIMES in English
25 Jan 95 p 9

[Report by Yi Chang-sop]

[FBIS Transcribed Text] From this year, foreigners will be able to buy 100 million dollars worth of Korean bonds, open a joint venture securities company, enter the local construction supervision market and establish joint venture finance companies for automobiles.

And by the end of this year, the government will tear down business barriers between securities companies and investment trust companies.

Finance and Economy Minister Hong Chae-hyong unveiled these plans yesterday in a meeting with foreign correspondents in Seoul.

The government will "restructure the securities industry" possibly late this year or early next year. His aides explained that Hong's remark means that securities companies will enter the investment trust business through subsidiaries while investment trust companies will deal in securities business.

His aides said that the government will allow Seoul-based investment trust companies to sell 100 million dollars worth of bond funds, 50 percent of which will be invested in bonds, but possibly only listed bonds, before June this year. In the latter part of this year, a 100 million dollar country fund will be established overseas devoted to buying Korean bonds.

Hong said "A new type of beneficiary certificate available exclusively to foreigners will be issued and 50 percent of the funds raised through them will be allowed to be invested in the bond market."

Despite his remark that foreigners would enjoy "great access to the bond market here," the government will restrict foreign buying of Korean bonds to 200 million dollars this year, peanuts in the 130 billion dollar bond market, according to his aides.

"Taking into account the market impact of these beneficiary certificates, we will also review allowing the

establishment of a Country Fund through which foreigners can invest in Korean bonds," he said. Although the bond market was opened partially last year, government officials say the full-scale bond market opening will not take place until the end of this decade, or at least until the differential between interest rates at home and abroad is narrowed to a significant level.

Hong was apparently referring to Salomon Brothers when he said, "We are reviewing the possibility of allowing the establishment of another joint venture securities house this year." He said by the middle of this year, Korea plans to allow foreign construction supervision companies to enter the local market, "ahead of the original schedule."

He said his ministry is "also in the process of finalizing the establishment criteria for installment finance companies and the criteria will be announced during the first quarter of this year. With the announcement, the establishment of joint venture finance companies for automobiles will be allowed."

Hong said "The foreign stock investment ceiling is to be raised from the current 12 percent to 15 percent." But he did not elaborate on when. His aides said the Central Bank of Korea had proposed that the ceiling be hiked "in the second half of this year."

The deputy premier said the government is negotiating with the Asian Development Bank (ADB) so that ADB can issue won-denominated bonds this year. But analysts question whether ADB is really interested in issuing bonds here because of the high interest rates.

A Seoul banker questioned whether ADB will want to raise capital at 15 percent here and re-lend the money at 3-5 percent to its members.

Hong listed price stability, acceleration of deregulation, restructuring and liberalization and improvement of quality of life for citizens as the three major economic policy goals this year. He said the government will be able to "cap growth at around 7 percent with a consumer price index curbed at 5 percent and exports of more than 100 billion dollars although the current account will remain in the red." Korea's per-capital GNP will approach 10,000 dollars by the end of the year, he said.

Poll on Business Conditions Under Civilian Rule

SK2501130095 Seoul YONHAP in English 1218 GMT
25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—Those who run small businesses in South Korea believe the country's economic conditions are no better under the civilian-led administration than before.

This was revealed in a recent opinion poll taken toward 400 persons who operate small businesses, said Cho Im-chol, head of Chung-ang Marketing Research Co., Wednesday [25 January].

He was speaking at a forum held at the Seoul Hilton Hotel to mark the inauguration of an institute for the globalization of small industries.

According to Cho, 37.1 percent of the pollees said economic conditions are worse under the civilian-led government than before.

Only 26.8 percent said the conditions are better while 36.0 percent said they are about the same.

As for small industries' managerial environment, 41.3 percent said it turned bad while 26.3 percent said it is better than before.

These indicate that those running small businesses are negative in general toward the economic conditions following the birth of the civilian-led government.

As for the reason for the "worse economic conditions," 51.9 percent gave the effect of domestic business and 42.5 percent government-related policies.

Regarding government economic policies, 55.0 percent said they believe the government pursues large-industry-first policies.

Of the pollees, 51.5 percent said they do not know well about the concept of the globalization being advocated by President Kim Yong-sam while 48.5 percent said they are aware of it.

Yet, 67.3 percent of them said they believe globalization is an option helpful to the invigoration of the domestic economy, according to Cho.

Hyundai Group Announces Downsizing of Company

SK2601030695 Seoul THE KOREA TIMES in English
26 Jan 95 p 1

[By staff reporter Kim Chang-yong]

[FBIS Transcribed Text] The Hyundai Group, one of the nation's largest business conglomerates, will more than halve the number of its subsidiaries apparently in a gesture of appeasement toward the administration, which has not been friendly to the group since its founder Chong Chu-yong's failed venture into politics.

Chairman Chong Se-yong said yesterday that Hyundai's 50 subsidiaries would be slashed to 23 through mergers and disposals and unaffected companies would be grouped into six divisions—heavy industries, automobiles, electronics, chemicals, machinery and steel, and construction.

"Ten subsidiaries will be separated from the group and run independently," he said in a press conference hastily called to announce the restructuring which he stressed was aimed at "globalization and enhancement of international competitiveness."

The 10 subsidiaries include Kumgang Development Industrial Co., which operates a department store chain, Hyundai International Merchant Bank, Hyundai Maritime & Fire Insurance, and a newspaper company, the Munhwa Ilbo.

Six companies including Kangwon Bank, Kefico, a joint-venture auto component maker, and Hyundai Yak, a joint-venture aircraft manufacturer, will be sold.

Eleven other smaller companies whose businesses overlap that of larger ones will be merged with seven companies including Hyundai Engineering & Construction. Among them are Hyundai Engineering, Hyundai Construction Equipment Service and Hyundai Resources Development.

Equity holdings by honorary chairman Chong Chu-yong, his family and other kin will be cut from the present 60.8 percent to below 40 percent by 1997 by positively taking steps to offer their shares on the stock market or selling them to "change Hyundai into a publicly-owned enterprise."

The large shareholders' equity will continue to be lowered after 1997, said Chong, now in day-to-day control of the giant chaebol on behalf of his eldest brother and the honorary chairman.

Chong Chu-yong has stayed outside the group since his bitter challenge against Kim Yong-sam failed in the 1992 presidential election. Chong Se-yong vowed publicly that Hyundai would "never stretch its hand into politics, but be involved solely in business."

Hyundai's realignment program, apparently patterned on the rival Samsung Group's streamline blueprint announced shortly after it was licensed to produce motor vehicles last month, is likely to end the administration's grilling of the group, analysts said.

Hyundai has been denied long-term low-rate loans and offshore borrowing and has thus suffered financial stringency for the last two years. Its ambitious proposal to build an integrated steel mill was also turned down recently.

Chairman Chong has publicly hoped the administration's alleged discrimination would be abolished.

"There are disputes over sanctions against us. Some say there are sanctions and others not...On this occasion, we hope the administration will treat all enterprises equally," he said when asked if he expects reconciliation with the administration.

He ruled out speculation that the bold step, studied by scholars, Hyundai economists and executives, would be followed by inheritance of the subsidiaries by Chong Chu-yong's sons, some of whom have already a dozen in their capacity as company chairmen.

He said that it would take time to translate the program into action because of procedural matters including listing of stocks.

Hyundai has set this year's target for sales at 60 trillion won including 12 billion dollars in exports, group spokesman Yi Yong-il said. It plans to invest 5.8 trillion won in the expansion of facilities and research and development.

Kia Motor Company Profiled, 1995 Plans Detailed

SK2601022495 Seoul THE KOREA HERALD in English (Supplement) 26 Jan 95 p 3

[FBIS Transcribed Text] Kia Motors Co., Ltd. has confirmed its business plan for 1995, under which it will sell 6.7 trillion won worth of vehicles and invest 570 billion won in facilities expansion and research and development.

Kia's sales target for this year represents a 34 percent increase from 1994 estimated sales.

Of this year's total investment budget, 273.6 billion won is earmarked for R&D spendings and 296.4 billion won for facility investment. The lion's share (220 billion won) of its facility investment will go into expanding facilities related to the development of a new model car and localization of automatic transmission, and 60 billion won is to be spent on factory automation and system improvement.

Kia plans to produce 820,00 cars this year, up 32 percent above 1994 estimated output of 625,000 cars. Of this year's output, 535,000 cars (361,000 passenger cars plus 174,000 commercial vehicles) will be sold on the local market, and 285,000 cars exported.

Founded on the motto of "National Service Through the Development of the Machine Industry" Dec. 11, 1944, Kia Motors Co. began operations as a bicycle manufacturer. Over the past five decades, the corporation has fulfilled this mission by becoming a leader in the Korean machine industry, steadily expanding to become a general automobile manufacturer.

Following a six-year government-imposed hiatus from passenger car manufacturing, Kia began a brilliant return to the field in 1987 with the introduction of the

Pride subcompact. Since then, the corporation has introduced the Concord, Capital mid-sized sedans, the Potentia luxury sedan, the Sephia compact sedan and the Sportage sport-utility vehicle as well as emerging as a leader in the commercial vehicle industry. It is for these reasons that Kia has earned a reputation as one of Korea's finest vehicle manufactures.

As Kia celebrates its fiftieth anniversary, the corporation's accumulated technology, experience and credibility have formed a solid foundation for its ascent into the ranks of the world's top 10 automobile manufacturers. Through expansion of its internationally competitive production network and establishment of technological independence and a global business network, the corporation is preparing itself for the 21st century and beyond.

Kia successfully overcomes fierce competition in the domestic auto industry, making breakthroughs in overseas exports and advancing into overseas markets, riding on the wave of globalization. The corporation expanded its domestic market share by providing interest-free financing at the expense of profitability.

During the second half of 1993, a variety of industry regulations were introduced, prompting an upturn in demand, while the strong Japanese yen enhanced our international price competitiveness.

Total exports to date surpassed 2 million units because of overseas market diversification and expansion of exports model lines while total 1993 sales rocketed to 600,000 units, up a record 20.2 percent over the previous year.

Addressing the opening of the domestic auto industry and increasing international competition, domestic automakers have made internationalization an integral part of their strategy.

Kia was on the forefront of this trend, establishing a North American dealer network, participating in the Tokyo Motor Show, diversifying export model lines and starting knock-down exports to Iran and Indonesia.

As the car's popularity levels out and a stagnant market leads to the slow-down in the industry growth rate, the domestic passenger car market is gradually approaching a period of stable growth.

Burma

PRC Sends First Batch of Passenger Vessels

*BK2401154495 Rangoon Radio Myanmar in Burmese
1330 GMT 24 Jan 95*

[FBIS Translated Text] Under the agreement reached between the Inland Water Transport [IWT] of the Ministry of Transport and the Yunnan Machinery Import and Export Corporation [YMIEC] of the People's Republic China [PRC] on purchasing vessels worth \$30 million, a ceremony to hand over the first batch of five PRC-built passenger vessels, which are among the 14 vessels purchased, was held on the Pyi Myanmar [Burma] One, a three-deck passenger vessel for shallow water, at 0700 at the Nanthida Jetty in Seikkan Township today. The ceremony was attended by Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC]. Before the ceremony, SLORC Secretary-1 Lt. Gen. Khin Nyunt and ministers inspected the models of the three-deck passenger vessel for shallow water and tug boats.

At the ceremony, U Hla Min, managing director of the IWT, delivered an opening address. Next, Mr. (Wu Wan Gaung), chairman of the YMIEC of the PRC, delivered an address. After the address, U Hla Min and Mr. (Wu Wan Gaung) signed and exchanged an agreement on handing over the vessels before SLORC Secretary-1 Lt. Gen. Khin Nyunt and ministers.

Then SLORC Secretary-1 Lt. Gen. Khin Nyunt and ministers inspected the Pyi Myanmar passenger vessel for shallow water and tug boats and took photographs with the vice governor of Yunnan and his party; and chairman of the YMIEC and responsible personnel.

Khin Nyunt Receives Former Australian Premier

*BK2501144095 Rangoon Radio Myanmar in Burmese
1330 GMT 25 Jan 95*

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council of the Union of Myanmar [Burma], received former Australian Prime Minister Robert Hawke and his party at the Defense Ministry's Dagon House at 0800 this morning. During the meeting, Robert Hawke noted Myanmar's economic development plans and prospects in agriculture and natural resources extraction. He also noted the good prospects for foreign investment in Myanmar in the respective sectors, including hotels and tourism.

Political Activist U Zarli Maw Returns

*BK2501154995 Rangoon Radio Myanmar in Burmese
1330 GMT 25 Jan 95*

[FBIS Translated Text] U Zarli Maw, son of Dr. Ba Maw [former prime minister in post-war pre-independence

Burma] and vice chairman of the Alliance for Democratic Solidarity, Union of Burma [ADSUB], returned to the legal fold on 13 January.

In early 1965, U Zarli Maw went underground near Mudon through the Three Pagoda Pass and returned to Burma in 1980 when an amnesty was announced. He left for Thailand in 1981 and continued working as a lawyer there. He returned to Rangoon with a Burmese passport in August 1988, met and held talks on political developments with some political leaders, and returned to Thailand. In December 1988 he formed the Students Refugee Center in Bangkok and acted as its chairman. In January 1989 he formed the ADSUB in Bangkok with 13 members and acted as its vice chairman.

At present, U Zarli Maw, who has come to accept the undertakings and political objectives of the State Law and Order Restoration Council, has returned to the legal fold after pledging to participate only in business activities and vowing not to engage in antigovernment political activities.

U Zarli Maw was listed as an absconder by the Police Special Branch Division for his participation and involvement in antigovernment activities. The authorities concerned have deleted U Zarli Maw's name from the list of absconders after his return to the legal fold.

Brunei, Malaysia & Singapore

Malaysia

Singapore Admiral on Possible U.S. Withdrawal

*BK2501135195 Kuala Lumpur BERITA HARIAN in
Malay 20 Jan 95 p 3*

[FBIS Translated Text] Kuala Lumpur, Thursday [19 January]—The Southeast Asian nations would be unlikely to allow any great power other than the United States to deploy military forces in this region if the United States withdraws its armed forces.

Admiral Kwek Siew Jin, chief of the Republic of Singapore Navy, said the nations in this region are accustomed to the U.S. services and would be unlikely to depend on other powers if the United States withdraws. According to him, the current stability and peace we are enjoying is due to the presence of one great power in the region—the United States—and this has freed Southeast Asia from any external threat.

Nevertheless, he said the Southeast Asian nations would be unlikely to allow other nations to deploy their armed forces if the United States withdraws its armed forces within 10-15 years. "If the current situation changes, a new search will begin. Nevertheless, we still have one alternative—we can be responsible for maintaining security in the region ourselves," he said.

Commentary Rejects Idea of PRC 'Threat'

BK2501121795 Kuala Lumpur Voice of Malaysia in English 0810 GMT 25 Jan 95

[Station commentary]

[FBIS Transcribed Text] Nowadays, nobody appears to entertain the view that China is bent on exporting its communist ideology. The so-called Chinese threat, though a popular notion, does not hold water. Those who continue to cement such a fear are either not realistic or have their own interest at heart. Yet, once Malaysia itself saw China as a threat during the communist insurgency. Times have changed. [Words indistinct] feel secure unless they can clearly see a threat, and China is a favorite game owing to its size, ideology, its increasing economic weight, and recent increase in military expenditure.

Some argue that with dwindling U.S. military presence in Asia, China will dominate the region. Many countries with strategic mindset for the Cold War continue to hold firmly and rigidly to the so-called threat. The end of the Cold War has not lessened this inclination. Of course, no one can really tell China's true intention or its military ambition in the region. Its military expenditure has no doubt increased, but Japan's and South Korea's military budgets are higher. That's an obsession over China that has overshadowed the fact that Japan, despite having a defense treaty with the U.S., is spending more. China's military expenditure is at \$27.4 billion. The budget allocation by the United States for defense is 10 times more. Yet the U.S. and Japan are considered benign and not threatening.

Malaysia refuses to see China as a military or political threat. Rather, a better alternative is to consider it a friend and partner in the pursuit of peace and prosperity. It is not going to allow the past to determine the future forever. There are also [words indistinct] a leading protagonist against the West. Such a perception will only impede bilateral and regional cooperation. To perceive China as a threat to security and order around the planet is wrong. It is a dangerous precedent that needs to be nipped in the bud. History found that China was invaded many times by foreign powers than vice versa. It had been a colony to others. It has no military bases overseas, and yet the accusations continue. Even economically it should not be seen as a threat but rather a land of opportunities.

It will be foolish to compete with China in areas where it is strongest such as low labor cost, but Malaysia can search for an alternative in capital and technology investment. In fact, Malaysia and China have shown that they can be regional partners in the making of cooperative schemes in East Asia. A dimension for those is greater in view that six of the world's biggest economies by the year 2020 are forecast to be in East Asia. To make this a reality, the country has to join hands and work together. It is no longer realistic to fear regional partners.

One must not lose judgment and [words indistinct] the immense potential China has to offer. Such a stance will reap greater benefit than one that views others suspiciously. The great China opportunities must not be allowed to slip by.

Trade Minister Supports PRC Entry to WTO

BK2501084295 Kuala Lumpur THE STAR in English 25 Jan 95 p 6

[FBIS Transcribed Text] Kuala Lumpur—Malaysia is supportive of China's application to be a member of the World Trade Organisation (WTO).

Any moves by China to expedite compliance with the then General Agreement on Tariffs and Trade (GATT) would certainly be welcomed.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said China's entry into the WTO would enhance the position of developing countries on several issues in the post-Uruguay Round era.

She was speaking at the closing of the First Malaysia-China Forum here yesterday.

Rafidah added that China's participation would be more pertinent in shaping the agenda of multilateral trading system in the next round of global negotiations.

However, Rafidah hoped that China's entry would not deter the country from further efforts in extending more favourable market access offers to developing countries like Malaysia.

On Malaysia-China ties, Rafidah noted the increase in exports and imports with China.

Anwar Leaves for Davos Economic Conference

BK2601081095 Kuala Lumpur Voice of Malaysia in English 0600 GMT 26 Jan 95

[FBIS Transcribed Text] The deputy prime minister, Datu Sri Anwar Ibrahim, left last night for Davos, Switzerland, to attend the world economic forum. He told newsmen he would participate in the two sessions of the round-table discussion at the forum. The first session will discuss the Asia-Pacific Economic Cooperation, APEC, and the other on the global trade issues.

Gagasan Rakyat Opposition Alliance Collapses

BK2601121695 Kuala Lumpur UTUSAN MALAYSIA in Malay 26 Jan 95 pp 1, 2

[Report by Raymond Teing]

[FBIS Translated Text] Kuala Lumpur, 25 Jan—The alliance of opposition parties known as the Gagasan Rakyat [People's Initiatives] broke up today when a major member, the DAP [Democratic Action Party] officially announced its withdrawal.

The action was simultaneously a very severe blow to the authority and dignity of Tengku Razaleigh Hamzah, president of the Gagasan Rakyat and the Malay Party of Spirit of 1946 (S 46).

The short-lived alliance was already considered "abnormal" and "unusual" because its members had totally different ideologies and objectives.

The alliance was made up of seven political parties—the DAP, the S 46, the IPF [Indian Progressive Front], the PRM [Malaysian People's Party], the MSP [Malaysian Solidarity Party], Hamim [Islamic Party of Malaysia], and KIMMA [Indian Muslim Congress of Malaysia]. The alliance was officially registered by the Registrar of Societies in April 1992.

Initiated by Tengku Razaleigh Hamzah, the alliance failed to persuade the PAS [Pan-Malaysian Islamic Party] and the PBS [Sabah United Party] to become members.

Tengku Razaleigh Hamzah's breakaway party had also formed another "front" known as the APU [Islamic Solidarity Front] to draw Malay voters. The APU is made up of the PAS, the S 46, the Berjasa [Malaysian Islamic Front], and the Hamim.

Contacting UTUSAN, a member of the S 46 Supreme Council expressed his disappointment over the DAP's action, which he called "a betrayal of the common struggle."

"It is similar to when Datuk Pairin Kitingan (former Sabah chief minister) pulled his party out of the BN [National Front] prior to the 1990 general election."

He said some members of the S 46 Supreme Council in fact disliked Tengku Razaleigh Hamzah's involvement with the alliance.

"The Malays see no reason to cooperate with parties like the DAP," he said.

He also viewed the DAP's decision to leave the Gagasan Rakyat as an attempt to sabotage Tengku Razaleigh Hamzah's party, which has lost many leaders and followers.

"The S 46 already has a problem with the PAS within the APU in Kelantan. Now, the S 46 is facing a problem with the Gagasan Rakyat," he said.

He expressed his belief that the DAP's decision to leave the Gagasan Rakyat was prompted by the S 46's support for the implementation of PAS-sponsored hudud [Islamic] laws in Kelantan.

"Hudud laws frighten the Chinese," he said.

Meanwhile, the DAP Central Committee, which met here yesterday, said in a statement that the withdrawal was prompted by "differences in views and ideology."

Party Secretary General Lim Kit Siang said he had notified Tengku Razaleigh Hamzah in his role as chairman of the Gagasan Rakyat.

He said the DAP will continue to maintain good relations with the S 46, the PRM, and other members despite its withdrawal from the alliance.

He said the DAP has no relations with the PAS, which did not become a member of the Gagasan Rakyat.

He also denied that the DAP cooperated with the PAS to support PAS-sponsored hudud laws in Kelantan.

Cambodia

Ranariddh Meets Surrendering Khmer Rouge

BK2501133195 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT
25 Jan 95

["News flash"]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia, graciously granted an audience to a group of 13 former Khmer Rouge officers and soldiers at his residence on the afternoon of 25 January.

The repentant compatriots, led by Phuong Phat, commander of the 370th Battalion of the 948th Khmer Rouge Division—who brought along nine guns, including a B-40.5 rocket launcher—surrendered at Roka village in Sangke District, Battambang Province at 1200 on 25 January.

The first prime minister praised the surrendering compatriots, saying their move responds to the lofty initiative of his majesty the king, who has implored the Khmer Rouge officers and troops to give up their armed struggle and return to the national fold.

Government Backs Sihanouk Proposal on KR Return

BK2601065895 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT
26 Jan 95

[FBIS Translated Text] At a news briefing yesterday, Leng Sochea, head of the Information Ministry's Press Department, stated that the Royal Government of Cambodia supports his majesty the king's proposal that Khmer Rouge [KR] leaders except Pol Pot and Ta Mok be allowed to return to the national fold.

He said: If the Khmer Rouge respect the Constitution, the Royal Government might allow them to join the national community and would help facilitate that process.

He also stated: The Royal Government also supports his majesty the king's proposal that Pol Pot and Ta Mok retire and live outside Cambodia.

Khmer Rouge Launch Attacks During King's Visit*BK2601131295 Phnom Penh REAKSMEI**KAMPUCHEA in Cambodian 25-26 Jan 95 pp 1, 2*

[FBIS Translated Text] Before and after his majesty the king's visit to inaugurate the Svay Don Kev Bridge on 23 January 1995, Khmer Rouge troops carried out acts of harassment and destruction in a number of localities in Battambang Province. By welcoming him with bullets, the Khmer Rouge have shown their disdain for the king's appeal for them to end their destructive activities against the people and return to society and the nation.

Police in Battambang Province reported that at least 78 houses, a Toyota car, and four motorcycles were burned by Khmer Rouge bandits when they attacked Battambang District on 23 January. According to this source, about 40 armed Khmer Rouge soldiers attacked Thmar Koul market, the district seat of Battambang District, at 0100 on 23 January. They burned 15 houses opposite the market along National Route 5, a Toyota car, four motorcycles, and some property. At the same time, a group of Khmer Rouge soldiers attacked Ang village in Kapoung Commune, 3 km east of the Battambang district seat. They burned 63 houses and took away some property. Villagers said the Khmer Rouge attacked for 40 minutes, carried out savage activities, and then left safely.

The Battambang police also report that between 10 and 15 Khmer Rouge elements placed TNT sticks along the railway line at Prey Svay village, Prey Svay Commune in Moun Russei District on the night of 22 January. They damaged 100 meters of rail track. It was revealed that the location of this incident was only 3-4 km from where the king inaugurated the Svay Don Kev Bridge. At the same time, the Khmer Rouge also attacked armored vehicles of the Moun Russei police force operating in the area. One policeman was wounded and the tracks of two armored vehicles were damaged. The same source also disclosed that two villagers and three cattle were wounded during this Khmer Rouge attack.

Furthermore, a man was slightly wounded in a series of explosions in Battambang town on the night of 21 January. It is believed they were caused by five TNT mines. The king was due to arrive in this northwestern town on 22 January. The explosions occurred at 2015 in Samakki and Ekapheap Communes in Battambang provincial city. The mines exploded at five-minute intervals. The first went off east of the roundabout of Phsa Daeum Dong market. The second was south of the electricity cabin at the end of the National Route adjoining the wall of the 19 June Hospital compound in Prek Mahatep village in Ekapheap Commune. The third explosion took place above the dike at the entry point east of the old garbage dump market in Group 14, Kap Kou Thmei village in Samakki Commune, damaging a trader's kiosk. The fourth explosion occurred in Group 27, Kap Kou Thmei village at the entry point of the former city's defense line north of National Route 5. The

fifth and final explosion took place in Group 9, O Cha village in Samakki Commune along National Route 5, about one meter from the national route.

According to Battambang police, the mines were time-controlled devices without casing, probably TNT sticks. Some were attached to grenades. The explosions in Battambang town were blamed on Khmer Rouge terrorists trying to create panic among the population before the king's arrival.

Apart from this, an Army camp at Peak Sben in Snoeng Commune, Banan District was raided by Khmer Rouge rebels on 22 January. One Khmer Royal Armed Forces soldier was killed and 12 were wounded. The attack on the army camp west of Snoeng Commune in Banan District by an unknown number of Khmer Rouge rebels took place at 2330 and lasted for 30 minutes before the Khmer Rouge retreated. The above source said that an Army shelter and a motorcycle were burned during the raid and some ammunition was also damaged. There was no report of Khmer Rouge casualties.

There is a report from the Battambang police that on 22 January six Khmer Rouge elements from unspecified units, including three women, surrendered to authorities in Prek Chhdao village, Peam Ek Commune, Ek Phnum District, Battambang Province along with four weapons—three AK's and a B-40.5 grenade-launcher with two grenades.

Khmer Rouge Radio Reviews U.S. 'War Crimes'*BK2601083895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 25 Jan 95*

["Communique by the Spokesman of the Provisional Government of National Union and National Salvation on the Official Establishment of the Commission To Gather and Organize Documents on U.S. Crimes Killing the Cambodian Nation and People From 1955 to 1995 and In the Future;" dated not given—read by announcer]

[FBIS Translated Text] The Provisional Government of National Union and National Salvation [PGNUNS] would like to provide guidance to all cities, provinces, districts, communes, and villages on setting up commissions to gather and organize documents on the U.S. great crimes killing the Cambodian nation and people from 1955 to 1995 and in the future. The PGNUNS would like to recall the history in the following stages when the United States collaborated with communist Vietnam to wage war killing the Cambodian nation and people for research use:

Phase I, from 1955 to 1970, the period during which the U.S. imperialists attempted to stage coups to kill independent, peaceful, and neutral Cambodia. Here is evidence of the U.S. imperialists' war crimes at that time:

1. After the 1954 Geneva conference, French colonialists left Cambodia. The French barely left when the U.S. imperialists came in with the strategic goal of bringing down independent, peaceful, neutral, and nonaligned Cambodia. However, they were opposed by the Cambodian nation and people; they were expelled from Cambodia in 1963-1964.

2. From 1960 to 1969 during the U.S.-communist Vietnamese war, the U.S. imperialists violated Cambodia's territorial integrity by most savagely and brutally bombing and killing the Cambodian people in Svay Rieng, Prey Veng, eastern Kompong Cham, eastern Mondolkiri, eastern Ratanakiri, and so on. The areas most heavily hit were the Dragon Tail in Ratanakiri Province, Dak Dam-O Reang area in Mondolkiri Province, the Parrot Beak in Kompong Cham Province's Memot District, the Duck Beak in Svay Rieng Province, and so on. At that time the International Commission for Control, CIA [as heard], denounced the U.S. imperialists for massacring the lives of the Cambodian nation and people. Also in that period, the U.S. imperialists used chemicals spread from aircraft to destroy thousands of hectares of Cambodia's forest and rubber plantations and hundreds of villages on the eastern border. Hundreds and thousands of people, young and old, men and women, children, and babies, died at that time.

Phase II, from 1970 to 1975: The U.S. imperialists ordered the Lon Nol-Sirimatak clique to stage a coup to topple independent, peaceful, neutral, and nonaligned Cambodia in blatant violation of international law on 18 March 1970. Since then the U.S. imperialists fully escalated the war in Cambodia to kill the Cambodian nation and people.

Strategic bombers and aircraft—B-52, B-57, F-111, F-105, F-4 Phantom, OV-10, pig-sty (?converted Dakota), L-19, (Staok), C-130, C-123, helicopters, and so on—carried out bombing and strafing raids day and night. B-52's, B-57's, F-111's, F-105's, F-4's in particular carried out bombing raids for 200 nights and 200 days creating reservoir-size craters, massacring the Cambodian nation and people, destroying villages, houses, killing cattle and poultry, and destroying paddy in rice fields and crops. Only the trunks of coconut and palm trees are left after the attacks.

Apart from this, the U.S. imperialists used all types of artillery, including 155-mm, 106-mm, 105-mm, 75-mm, and also 175-mm fired from warships, to shell and destroy villages and kill the Cambodian people daily. In the war of aggression of the U.S. imperialists from 1970 to 1975, countless Cambodian people, young and old, men and women, children, and babies were killed or maimed because of the great savage and brutal crimes of the U.S. imperialists.

Phase III, from 1975 to 1978: In this period the United States collaborated with communist Vietnam with the aim of killing the Cambodian nation and people. Here is the evidence:

1. The United States instigated unrest and staged successive internal coups aimed at toppling independent, peaceful, neutral, and nonaligned Democratic Kampuchea. However, Democratic Kampuchea and the Cambodian people smashed the plans of the United States and Vietnam.

2. Failing to overthrow Democratic Kampuchea through instigating unrest and staging coups, the United States and Vietnam collaborated to successively harass Democratic Kampuchea along the eastern border. Here is a chronology of events:

May 1975 to 1976: Communist Vietnam started to carry out activities to harass Democratic Kampuchea along the eastern border in Ratanakiri, Mondolkiri, Kompong Cham, Prey Veng, Svay Rieng, Takeo, and Kampot Provinces.

From February 1976, a large-scale border war was conducted along the Cambodian-Vietnamese border using troops from the 5th Military Region to launch attacks into Cambodian territory in Ratanakiri and Mondolkiri Provinces. Troops from the 7th Military Region attacked Cambodian territory in Kompong Cham, Prey Veng, and Svay Rieng Provinces. Troops from the 9th Military Region attacked Cambodian territory in Takeo and Kampot Provinces.

However, they were routed and repelled by the National Army of Democratic Kampuchea [NADK] and the Cambodian people on 1 June 1977.

Phase IV, from 1979 to 1991: Because the border war against Democratic Kampuchea failed, the Political Bureau of the Communist Party of Vietnam decided to grossly invade Cambodia with hundreds of thousands of troops through a blitzkrieg strategy along the following directions:

On 25 December 1978, communist Vietnam invaded Cambodia with hundreds of thousands of troops. In March 1979, Vietnamese troops pushed forward to control Phnom Penh and all provincial cities nationwide. Between April 1979 and July 1979, communist Vietnamese troops spread to rural areas, forest, and hills to destroy Democratic Kampuchea and the Cambodian people.

From 25 December 1978 to April 1979, the communist Vietnamese most savagely and brutally massacred the Cambodian race. Everywhere, from the plains, rivers, and lakes to forested and hilly areas, in cities and in rural areas, are scattered bones of the Cambodian people and the stains of the Cambodian people's blood. The Vietnamese killed Cambodians in entire villages, marched people off in line and gunned them down and bayoneted them; bodies were pushed into waterways and deep ravines. Cambodian bodies piled up and are scattered everywhere. People fled the fighting inside the country and also fled abroad. They slept in mud and swampy areas like animals and were starving; they were walking

skeletons. Mothers laid on the ground dying with babies suckling at their dried-up breasts, and so on.

From July 1979 to 1984, the communist Vietnamese set up all levels of administration from top to bottom, from Phnom Penh to rural areas. A group of traitors was established; these persons were picked from the Cambodian society's trash and made Cambodia's leaders with hundreds of thousands of Vietnamese soldiers and nearly 100,000 administrative officials acting as masters. The communist Vietnamese loudly shouted that the Cambodian problem had ended and that it was irreversible.

However, the communist Vietnamese blitzkrieg strategy completely failed. Communist Vietnam fell into a strategy of protracted war and into the Cambodian people's guerrilla war and people's war. In 1985, the Vietnamese massed many divisions of aggressor troops and carried out the K-5 plan to attack the resistance forces and the Cambodian people in accordance with the plan to mop up and destroy the resistance forces along the western border. However, they were completely defeated.

From the 1985 rainy season to the 1989 rainy season, the NADK split up to operate deeper in Cambodia counter-attacking the enemies. This caused problems and bogged down hundreds of thousands of Vietnamese troops. Communist Vietnamese commanders, like Le Duc Anh, loudly cried and wailed saying that the NADK and the Cambodian people killed or wounded nearly 200,000 of Vietnamese troops.

In its war of aggression of over 13 years, communist Vietnam did its best but failed to destroy the resistance forces and the Cambodian people or to annex Cambodia. It encountered increasing difficulties in every field in Cambodia and in Vietnam. It was in such a situation that communist Vietnam was compelled to sign the Paris agreement in October 1991.

Phase V, from 1991 to the present: This is a period when the Western alliance, with the United States, Australia, and France as ringleaders, collaborated with communist Vietnam to continue fueling the war to kill the Cambodian people through the following criminal activities:

1. There was the 1 October 1991 agreement, a major international agreement, a UN agreement. This agreement clearly said that:

A. There should be supervision of the withdrawal of Vietnamese aggressor forces from Cambodia; these troops should be absolutely prevented from returning.

However UNTAC [UN Transitional Authority in Cambodia], the alliance, and communist Vietnam trampled on the Paris agreement. They said that there were no Vietnamese in Cambodia. Vietnamese aggressor forces were maintained in Cambodia.

B. There should be a four-party national reconciliation within a quadripartite supreme national council [SNC].

However, UNTAC, the alliance, and communist Vietnam opposed the SNC and favored two parties.

C. There should be free and democratic elections in a neutral atmosphere. However, UNTAC, the alliance, and communist Vietnam fully preserved the communist Vietnam's puppet regime, from top to bottom, in Phnom Penh and in the provinces.

This election was a dictatorial and fascist election of UNTAC, the alliance, and communist Vietnam to discard four parties and keep two parties to form the two-headed group.

2. UNTAC and the alliance protected Vietnamese nationals and allowed the influx of Vietnamese into Cambodia; to this day there are over 4 million Vietnamese nationals. These Vietnamese are annexing Cambodia territorially, demographically, and economically; everything.

3. After the establishment of the two-headed regime by UNTAC, the alliance, and communist Vietnam, the Western alliance, with the United States, France, and Australia as ringleaders, forged ahead to collaborate with communist Vietnam to continue fueling the communist Vietnamese aggressors' war. The war is still raging on to this day. The entire Cambodian nation and people continue to be victims; they suffer, face hardship, and continually starve. These guys openly and secretly worked with communist Vietnam by dispatching military experts and advisers, bringing in all kinds of aid and war materiel, as well as dollars, to launch a campaign to fuel the war to kill the Cambodian nation and people and to continue opposing Democratic Kampuchea. They continue to most savagely kill the Cambodian nation and people.

All these are great crimes to massacre the Cambodian nation and people. These massacres should absolutely not be forgotten. They should be collected as history and disseminated among the Cambodian nation and people to promote national anger to become national forces for generations to come to safeguard the Cambodian nation and people from perishing like Champa [country of the Cham people now part of central Vietnam], Kampuchea Kraom [former Cambodian territory now part of southern Vietnam], America's Red Indians, and Australia's aborigines.

Every year in March there will be ceremonies and construction of memorials to remember the nation's adage for generations to recall this history everywhere, in cities, provinces, districts, communes, and villages nationwide.

Note: It is suggested that places that have collected or researched evidence—whether little or a lot—of great crimes by the U.S. imperialists against our Cambodian nation and people send the material to the PGNUNS Secretariat for successive dissemination among our people.

Khmer Rouge Radio Reports on Recent Communiques

Urges National Reconciliation

BK2501145795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 25 Jan 95

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 25 January; place not given]

[FBIS Translated Text] 1. To date, the situation in Cambodia has been lacking national reconciliation and peace. This is because communist Vietnam has been committing aggression against Cambodia for 13 years. UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two-headed government have continued this war by communist Vietnam.

At present, communist Vietnam and its Hun Sen-Chea Sim-Sar Kheng puppets are pursuing a monopolistic, despotic, and fascist policy. They wield exclusive control over the legislative, the executive, and the judiciary; over the military, the police, and the civilian administration; and in Phnom Penh as well as in the provinces. They enjoy the backing of the Communist Party of Vietnam and their puppet communist party. Moreover, they have 10,000 purely Vietnamese dac cong [sappers] to act constantly as their suppressive agents in Phnom Penh.

With these forces at their disposal, communist Vietnam and its puppets are monopolistic and do not intend to share Cambodia with anyone. The alliance of Western powers, which has shipped its proteges from the refugee camps to join up with communist Vietnam, now finds itself completely broke. FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] has broken up, as have the Paras [anti-Vietnamese noncommunist forces]. The communist Vietnamese puppets have promulgated fascist laws and have pursued a very repressive policy. They have cracked down on, shot and killed, and incarcerated FUNCINPEC members, ordinary people, journalists, politicians, students, functionaries, and traders, suppressing anyone who stands in their way. Such things as the Constitution are merely pieces of paper to communist Vietnam and its puppets. The monarchy is just a veneer. Placed in an iron cage by communist Vietnam and its puppets, the king can barely move. That is reality; it is as clear as crystal. Where is national reconciliation? Where is national reunification? In which nook or cranny can we find it?

2. The Cambodian nation and people—the Cambodian patriots—want genuine national reconciliation; that is, national reconciliation in an independent, peaceful, neutral, and nonaligned Cambodia with all its territory intact. The Cambodian nation and people—the Cambodian patriots—resolutely reject the two-headed Hun

Sen-Chea Sim-Sar Kheng puppets who are the out-and-out lackeys of communist Vietnam and have been murdering their own people.

3. The two-headed traitors are decomposing beyond description. Not even the powers in heaven can save them. The money supplied by the villainous Western alliance can only postpone their doom for a few more breaths. Before long, they will die a most unnatural death, just like all traitors before them—both in Cambodia and the world. The future is in the hands of the Cambodian patriots who are fighting to save the nation. [Date] 25 January 1995 [Signed] The Provisional Government of National Union and National Salvation

On Remembrance Ceremonies

BK2601062595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 25 Jan 95

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation of Cambodia on 16 December 1994; place not given—read by announcer]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation of Cambodia [PGNUNS], through the village, commune, district, provincial, and municipal commissions, has received letters from the people from all walks of life proposing that ceremonies be held and memorials be built as a constant and permanent reminder of communist Vietnam's genocidal crimes against Cambodia.

Reports made by various commissions confirm that the people in each village, house, and family have expressed their rancor in various forms. For example, the people in the northeast have piled up sand, pebbles, and stones as tombs and built shrines and memorials to remind themselves, their children, relatives, the local people, and villagers of the barbarous and ferocious massacres and genocidal crimes committed by the communist Vietnamese and their puppets, and of their nation which used to have glorious honor and identity.

In some other places, the people, grandparents, uncles, aunts, and parents tell stories, recite poems, and sing lullabies and folk songs recounting the Vietnamese genocidal crimes against the Cambodian race from the time the Vietnamese tortured our ancestors by using their heads as oven stands to boil tea and the loss of Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in 1623-24] to the present communist Vietnamese war which has lasted for 16 years now. This movement is spreading everywhere in various forms, depending on the conditions in each locality.

The people say: Everywhere, from the plains to the seas and forested areas in the countryside or cities, there are bones of the Cambodian people, young and old and male and female alike; every place is stained with the Cambodian people's blood and tears; everywhere, there is proof

of the heinous crimes committed by the communist Vietnamese against our nation and motherland.

For this reason, the Cambodian nation and people everywhere have, in their every breath, nurtured great indignation against the communist Vietnamese. Nothing can extinguish this flame of hatred.

National hatred has permeated throughout every nerve of each Cambodian. Sleeping or awaking, our people always see the scenes of Vietnamese killing the Cambodians in whole villages, piecing their bodies and stringing them together with cord, machine gunning and bayonetting them, and throwing their bodies into rivers and pits after killing them.

Countless numbers of people were killed—their bodies drifting in rivers and laying on top of one another in jungles and their bones scattered everywhere on the earth. The people were made refugees in their own country and abroad, they lived in dusty and muddy areas like beasts and became a bag of bones having nothing to eat; mothers died while babies still suckled arid breasts; and so forth. The whole world was shocked. Every family suffered.

These genocidal crimes committed against the Cambodian nation and people by communist Vietnam are unforgettable. They are worse than the fascist acts committed during World War II. In World War II, such crimes took place only in certain places and certain zones. But in Cambodia, the communist Vietnamese's war of genocide was waged everywhere and in every corner throughout Cambodia.

For the past 16 years, acts of fascism have been committed unceasingly by the communist Vietnamese, communist Vietnamese puppets, UNTAC [UN Transitional Authority in Cambodia], and two-headed government.

In connection with the above matter, the PGNUNS cabinet, paying attention to the requests of our people everywhere, has decided that ceremonies and memorials will be set up to remind future generations to prevent communist Vietnam from exterminating the Cambodian race. These ceremonies shall be organized on All Souls' Day, Cambodian traditional new year, and in December—the month marking the anniversary of communist Vietnam's invasion to occupy Cambodia.

We must organize these ceremonies every year as days to condemn the genocidal crimes of the communist Vietnamese by holding meetings; piling up sand, pebbles, and stones as tombs; building shrines; and organizing exhibitions of drawings and poems according to the local traditions, actual characteristics, and conditions in each area.

This is in order:

1. To display the seething indignation against communist Vietnamese imbued in the heart of every Cambodian.

2. To enable this national hatred to fasten and turn national unity into powerful militant forces to fight and quickly end the war of the communist Vietnamese, villainous Western alliance, and their puppets, so the Cambodian race is saved from being exterminated by the communist Vietnamese.

During the past 16 years, with each passing day, the national and people's forces have jointly struggled against and defeated the war of the communist Vietnamese who have boasted to have the third biggest army in the world and fought against the communist Vietnamese war kindled in the past three years by the UNTAC, villainous Western alliance, and two-headed government, inflicting successive defeats on them. These forces could vanquish the enemy because of the national indignation and the will of our entire people who absolutely refuse to die and to let another second Kampuchea Kraom take place.

This is the significance of our ceremonies. [Dated] 16 December 1994 [Signed] The PGNUNS spokesman

Philippines

Denmark Grants P160 Million for River Project

BK2601065695 Manila BUSINESS WORLD in English
24 Jan 95 pp 3, 4

[Report by Maricris C. Carlos]

[FBIS Transcribed Text] The Danish International Development Assistance (Danida) has approved a P [Philippine pesos] 160-million grant as additional support for government's Pasig River Rehabilitation Program (PRRP).

Environment Secretary Angel C. Alcala yesterday disclosed the Danida grant will in effect serve as phase two of the PRRP project.

PRRP is spearheaded by First Lady Amelita Ramos and aims to rehabilitate the Pasig River. Government received some P52 million in grants during the past year for phase one of the project, which is set to be finished in May.

In a report to Mr. Alcala dated 7 January, PRRP project leader Oscar Temporal said among the conditions Danida attached to the grant is a commitment from the Philippine Government to place "more Philippine personnel" and counterpart funds to the project to ensure its sustainability.

He pointed out Danida is also asking the Philippine Government to strengthen the social component of the program by infusing more manpower and funds into these kinds of projects.

Mr. Temporal cited the additional Danida grant will be focused on financing components of the project to:

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- strengthen the coordination, planning, and monitoring capacity of concerned agencies, including the Department of Environment and Natural Resources (DENR) and its Environmental Management Bureau (EMB) in monitoring and managing the river's resources. This specific component of the project also seeks to support community-based projects aimed at improving the management of solid and liquid wastes as well as the improvement of the living condition of people living around the river;
- upgrade the laboratory facilities of the DENR-EMB to enhance the department's capability to monitor and process laboratory analysis of water samples from the river; and,
- conduct a study establishing the social and economic impacts of the proposed plan to flush out Pasig River and rid it of pollution.

Mr. Temporal said the grant also includes monitoring of the Manila Bay, which is part of the Pasig River system.

Meanwhile, Mr. Alcala said DENR and other government agencies are now facilitating the relocation of some 2,400 squatter families living in the river area as part of the clean-up efforts for the project.

These squatter families must be relocated, he explained, since these households, based on studies done by the DENR, contribute more to the pollution than industries do.

He said resettlement sites for these squatter families have been prepared in Dasmarinas, Cavite.

Trade Deficit Rises to \$5.17 Billion as of Aug

*BK2601045695 Manila BUSINESS WORLD in English
24 Jan 95 p 12*

[Report by Cybelle C. Lucero]

[FBIS Transcribed Text] The Philippines posted a trade surplus only with North America among the regions with which it has trade relations. The country recorded a surplus by as much as \$807 million in the first eight months of 1994.

According to latest data from the Bangko Sentral ng Pilipinas [Central Bank of the Philippines], Philippines exports to this region reached \$3.418 billion. Thus, surpassing import payments of \$2.611 billion made during the period in review.

The US (including Hawaii and Alaska) which recorded a trade surplus of \$758 million in favor of the Philippines contributed the most to the North American surplus. It is the country's top market of garments.

The Philippines, however, incurred unfavorable trade balances with respect to the rest of the regions. This resulted in an overall trade deficit of \$5.171 billion as of

August last year. The country's trade gap widened a hefty 31.11 percent from \$3.944 billion in the same period in 1993.

During the eight-month stretch, the biggest trade deficit was recorded with Asian countries. The gap amounted to \$4.233 billion as imports worth \$7.392 billion outpaced exports earnings of \$3.159 billion.

Import payments to Japan—a major trading partner—reached \$3.351 billion, \$192 million more than RP's aggregate export gains in the entire Asian region.

Meanwhile, exports to Japan amounted to only \$1.258 billion, therefore, reflecting a \$2.093-billion trade deficit.

Trade relations with mainland-China worsened, running from a \$6 million surplus to a \$72-million deficit.

Moreover, the trade position of the Philippines with the newly industrializing economies (NIEs) of Asia reflected a deterioration. These cover Hong Kong, South Korea, Singapore and Taiwan.

Although overall exports to NIEs exhibited a \$374-billion jump from \$960 million to \$1.334 billion, imports grew at faster rate to \$3.113 billion. As a result, the trade gap widened further to \$1.779 billion from \$1.447 billion previously.

RP's trade with Singapore reflected the widest gap of \$548 million. Trade with Singapore worsened as the gap swelled from its 1993 position. In contrast, trade deficit with Hong Kong was the lowest at \$271 million.

If the Philippines intends to belong to the group of NIEs in the near future, it has to enact programs to support its exports. This is necessary in order to realize a trade surplus with other NIEs.

It seems to be moving in the right direction though since, although the country continued to reflect a trade deficit vis-a-vis its immediate neighbors in the Southeast Asian region, the gap narrowed by \$129 million as of August last year.

Among Southeast Asian countries, only Thailand exhibited a trade surplus with the Philippines. This indicated an improvement from 1993's deficit of \$2 million. As of August last year, the trade surplus was posted at \$118 million.

Similarly, trade with European markets further deteriorated to a higher deficit of \$303 million from a lower \$100-million deficit in 1993.

This developed as the country's trade with the European community fell from a much higher surplus of \$119 million to \$14 million.

The most dramatic drop was seen in trade with Belgium, Denmark, Ireland, Luxembourg, Spain, Portugal and

Greece. From a \$6-million surplus in the past, the balance as of August 1994 stood at a deficit of \$114 million.

However, the effects of trade shortfall with these countries were cushioned by the growth in surplus with the United Kingdom. From a \$76-million trade surplus in 1993, a higher surplus of \$162 million was recorded in the eight-month stretch last year.

Thailand

Canada To Help Establish National Space Agency

BK2601103295 Bangkok Radio Thailand Network in Thai 0530 GMT 26 Jan 95

[FBIS Translated Text] Speaking to reporters after his meeting with a visiting delegation from Canada's space agency this morning, Dr. Pricha Musikun, deputy minister for science, technology, and environment, said Thailand is making preparations with Canadian assistance to set up a national space organization to develop long-range survey capability. As a result, Thailand will become a leader in the field of space technology in the region and lessen its dependence on foreign satellites.

[Begin Pricha recording] We are moving toward the right direction. We will certainly succeed in the next five years. We will become the leader in long-range survey technology in Southeast Asia or even in the Asia and Pacific region where only two or three nations are leading in this field. We want to possess the technical know-how to build small-size survey satellites equipped with so-called remote sensors for survey operations in our country and near-by areas. [end recording]

Thailand will host a space technology conference in the next three years.

ASEAN To Consider Patent Protection Body Plan

BK2601152095 Bangkok THE NATION in English 26 Jan 95 p B1

[FBIS Transcribed Text] ASEAN senior officials will consider an ambitious draft to create, for the first time, cooperation on intellectual property among Asean (Association of South East Asian Nations) members on Jan 27-28 in Bangkok.

If fully implemented, the proposal will establish a central organization for patent protection among the Asean members. Moreover, it would provide a central access for any Asean partner who wishes to exchange information with an Asean counterpart.

According to Wirawit Wiraworawit, director of the technical and planning division, Department of Intellectual Property, an Asean working group has recently completed the draft for prospective cooperation, which is set to be endorsed by the Asean economic ministers, and handed over to the Asean summit in Dec this year.

The details of the draft are described as a "maximum requirement" which ministers might possibly decide to tone down. Wirawit said that the essence of the proposal is that the level of cooperation should not be lower than what Asean committed itself to in the Trade-Related to Intellectual Property Rights (Trips) clause, under the Uruguay Round of multilateral trade talks.

"We need political support in order to realise the proposal, which is quite a comprehensive agreement. The eventual goal of the proposal is to create a link in intellectual property cooperation between the regions—between European Union and Asean, for instance," he noted.

The model for the Asean registration organization is partially derived from the European Union patent office, which acts as a centre for intellectual property registration for all companies in the EU. Wirawit said that since the Asean regulations on intellectual property are so diverse it makes it difficult for all Asean members to completely participate in the proposed cooperation. "The cooperation could be done under the six-minus basis," or any Asean country could opt out from an area which she is not ready to commit to, he explained.

The proposed Asean patent registration might possibly cover the countries in the Mekong basin. Thailand and Vietnam, for example, have already agreed on intellectual property protection.

Although economic development in Indochinese countries seem to lag behind Asean, Wirawit said that, "The proposal becomes highly possible because of the rapid development of the technological process now."

Eventually, Asean should have a central organization to allow members to have full access to information or intellectual property, allowing Asean producers to exchange information or intellectual property.

Due to the concerns on regional political stability, the Asean Six are considering ways and means to widen the scope to other areas. Asean has create the cooperation to create a regional free trade area on manufactured goods, and is considering expanding the cooperation to other areas including services and intellectual property rights.

Yanyong Phuankrat, deputy director general of the Intellectual Property Department, suggested that Asean should come up with a comprehensive agreement. In the short term, Asean should concentrate on how to strengthen the enforcement of copyright violation as much as possible.

Due to the free flow of goods among the Asean market, "It would be no use if one Asean country strictly prevents the intellectual property right violation while the other completely ignores it," he said.

"There remains one problem that is of concern among Japanese firms," he told The Nation.

Thailand has not become a signatory of the Paris Convention, which protects industrial property such as patents and trademarks.

He said, "The difference is that if any Japanese producer applies for a patent in any country which is signatory to the Paris Convention, one year after it has applied for the domestic patent license, the protection will become effective from the date the patent was approved in Japan."

"In Thailand," however he explained, "a Japanese producer will receive protection only after the filing date with the Thai authorities, because Thailand has yet to become the Paris Convention signatory."

Farmers Protest Against Government; Motives Viewed

*BK2601064195 Bangkok THE NATION in English
26 Jan 95 p A2*

[“From The News Desk”]

[FBIS Transcribed Text] Thousands of protesting northeastern farmers are certainly under hardship, otherwise they would not be taking to the streets. But the divergent and somehow ambiguous demands raised a sensitive question as to whether the poor have been manipulated by certain groups.

The farmers accuse the government of showing indifference to their plight and failing to carry out help packages promised four months ago when the villagers took to the streets for the first time. But the Cabinet insists that the plans to help these villagers are already being implemented, although gradually.

So, are both of them simply telling partial truths?

Critics say there are several indications that the villagers' plight has been exploited for the interest of some groups. Because of their poverty and chronic problems of falling commodity prices, for example, the villagers are easily mobilized by special interest groups to take to streets, critics say.

Nobody denies the fact that northeastern farmers are suffering serious hardship, and they deserve whole-hearted public sympathy. But their sad stories will be the saddest if they are unknowingly dragged into something that in the end will not make their lives any better.

In September last year, northeastern villagers submitted a nine-point demand to the government which pledged to respond.

The demands included permission for the villagers to defer their debts with the Bank for Agriculture and Agricultural Cooperatives, as well as higher compensation for 600 families who were affected by a dam project. They also requested a price guarantee for cassava. The fact that the protesters in September and those at present are calling for assistance over several separate issues is

seen by some as proof that they have come from separate groups and have been mobilized and coordinated by someone else. Whether that "someone" has a sincere motive is a question.

Roles of non-governmental organizations have been under scrutiny lately due to allegations that some of them were motivated mainly by need to impress "sponsors" from abroad. Some protest leaders in the past were known to have close connections with opposition parties.

To organize mass rallies, a lot of money is needed to buy food for the villagers. The villagers themselves cannot afford to support themselves during a marathon protest. Only when their hardship is really severe will the poor people be able to dig in for a long fight although they have nothing left to eat.

Clever methods to ensure media publicity for their rallies aroused suspicion about some smart groups coaching the protesters, if not manipulating them.

Now marching protests have been a fashion. No exception for the present crusade in which the villagers have chosen to form a big procession, moving slowly on foot toward Bangkok, with many elderly people among them.

During the September rallies, school students were seen participating in the demonstrations under a scorching sun. When asked their goal in joining the rallies, the kids innocently admitted they had none.

"We were picked up from school to join the rallies," a boy admitted.

In the latest rallies, the leaders say the villagers might block the roads on their way to Bangkok to press for their demands.

The government has responded to the latest rallies by saying they have already responded to the villagers' demands, or at least are doing so.

But the government itself provides grounds for the villagers to continue to rally by failing to explain in detail just how the administration has helped the farmers.

Suspicion is likely to continue to be directed against both the protest leaders and the administration until each side makes its cause clearer.

Commentary Views Uthai Aid to Phaisan Insurance

*BK2501151295 Bangkok SIAM POST in Thai 24 Jan 95
p 19*

[Unattributed commentary: "Do Not Tear Up the Insurance Law To Help Phaisan Insurance"]

[FBIS Translated Text] Sympathy goes to Commerce Minister Uthai Phimchaichon who is trying to help Phaisan Insurance, which is 99 percent foreign owned, to be able to open branches despite interpretation by the Judicial Council that expansion would contradict the

1992 Non-life Insurance Act which clearly prohibits expansion of insurance companies whose foreign-owned shares exceed 25 percent.

Uthai plans to ask the Judicial Council for another interpretation saying that Phaisan Insurance is Thai-owned and thus eligible to set up branches in Thailand. He asserts that as he is a lawyer, he is certain that Phaisan Insurance is entitled to open branches.

A reason for Uthai's campaign, which triggered an allegation of kickbacks, is because Phaisan Insurance's major share holders are U.S. businessmen. He has to do them special favors because the United States is the biggest market for Thai exports—some 200-300 billion million baht.

Being commerce minister, it is correct for Uthai to be concerned with the country's biggest market. If something happens to that market, the Thai export sector would be troubled and the entire economic system affected.

The method used to help Phaisan Insurance expand its branches, however, contradicts the principle of the law concerned and offends Thai people who monitor Uthai's performance.

It is not right to search for loopholes in the law just to help a foreign company.

The Commerce Ministry should use other ways to maintain the U.S. market, such as more extensively promoting and developing Thai products, reducing red tape in the export permit application process, improving quota applications, and freeing up production and trade mechanisms to encourage competition to cut production costs.

Thai people probably would not look kindly at the image of Uthai as a commerce minister who protects U.S. interests in disregard of the law. If he does not care as long as the United States sees him as obedient, thus benefiting his position in trade negotiations, his image will have been damaged.

Uthai's assertion—that being a lawyer he is convinced that Phaisan Insurance can establish branches despite the Judicial Council's interpretation to the contrary—has damaged his image further. Everyone must respect the law and not try to find loopholes to benefit foreign interests or anyone else.

The efforts to help Phaisan Insurance to be eligible to open branches must be within the framework of the law. They must await amendment of the law which would increase the ratio of foreign shares in conformity with the insurance liberalization policy.

In any event, aiding insurance companies with large numbers of foreign shares does not guarantee that the Thai insurance sector will improve. In addition to Phaisan Insurance, foreign shares in five other companies also exceed 25 percent of registered capital. They

are: Guardian Insurance (Thailand), Commercial Union Insurance (Thailand), China Insurance (Thai), New Zealand Insurance (Thailand), and Bangkok Insurance (Public Company).

Bangkok Insurance, whose foreign shares exceed the allowable limit, is worth scrutiny because it has an 8.9 percent share of the non-life insurance market. Its service to clients is not good, as it claims that its staff is small. This type of company should not be allowed to expand because they always look for opportunities to exploit the public.

If Uthai really wants to develop the insurance sector, he should adopt the idea of Deputy Commerce Minister Chaikut Sasomsap. Chaikut instructed the Insurance Department to report accident compensation payments by insurance companies, and eventually to compile graphs showing compensation payments and payment timeliness.

Chaikut's idea should be translated into practice so that people can use it to help them decide where to buy insurance. So far people have been exploited in many ways by insurance companies and have no way to effectively deal with these unscrupulous firms.

Vietnam

Hanoi Reports More American Remains Discovered

BK2601103495 Hanoi Voice of Vietnam in English 1000 GMT 26 Jan 95

[FBIS Transcribed Text] Investigators have recovered the remains of what are believed to be several American servicemen missing from the Vietnam war in a search that ended Wednesday. [Words indistinct] Vietnamese and American specialists dug the remains from aircraft crash sites during the latest in a series of field operations that began in 1988.

The United States and Vietnam plan to open liaison offices in each other's capitals within the next several days. The offices are a transitional step to the eventual exchange of ambassadors.

Detained Buddhist Monk To Stand Trial

BK2501140195 Hong Kong AFP in English 1335 GMT 25 Jan 95

[FBIS Transcribed Text] Hanoi, Jan 25 (AFP)—Hanoi said Wednesday that the second-highest official in the dissident Buddhist hierarchy in Vietnam will stand trial for provoking unrest.

The Venerable Thich Quang Do, who was arrested at the start of this month, was detained for "provoking trouble contrary to Vietnamese law" and would be "tried according to Vietnamese law" as "a Vietnamese delinquent and not as a Buddhist," the foreign ministry said in a longer than usual communique.

The communique also made the first official mention of the dissident monks and contained an unprecedented attempt to explain the government's religious policy.

It did not say when or where the trial would be held.

Thich Quang Do, known for his opposition to the communist regime, was arrested January 4 in Ho Chi Minh City after he tried to organize a convoy to carry humanitarian aid to victims of flooding in the Mekong delta, according to western human rights groups.

Also Wednesday the government denied it had arrested the head of the dissident Buddhist church, the Venerable Thich Huyen Quang.

"Because he often disturbed the other monks at his pagoda and local people, these people have asked the authorities to transfer him to another area," the communique said, adding he had been sent to the Quang Phuoc pagoda in Quang Ngai province, central Vietnam.

Western human rights organisations said this pagoda was in an isolated mountainous region and that the monk was kept under surveillance by a strong police guard.

Saying the government respected religious freedom, the communique added that Hanoi had "no reason to carry out a policy of discrimination against Buddhists."

Hanoi has come under growing pressure from overseas to free the dissident monks.

Spokesman Defends Action Against Buddhists

BK2501160195 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 25 Jan 95

[FBIS Translated Text] In reply to a question raised by foreign correspondents about the religious situation in Vietnam in general and the situation with Buddhism in particular—in which there are some cases involving Buddhist monks who are Vietnamese citizens—a spokesman for the Vietnamese Foreign Ministry made it clear on 25 January that Vietnam is a nation of many religions. Religious followers are an integral part of the great national unity bloc. They have made due contributions to the cause of national construction and defense. The Vietnamese Government has always attached importance to building and strengthening the universal great unity bloc, regarding this as a priority task with which to develop the nation's strength in the common interest. Proceeding from this policy, we assert that the Vietnamese Government never discriminates against or persecutes its compatriots who are religious followers.

The Vietnamese state always respects the people's freedom of religion as inscribed in the Constitution while trying to ensure that religious activities are conducted in a normal fashion. With regard to Buddhism, there is no reason for the Vietnamese Government to discriminate against it. Vietnamese Buddhists are patriotic people who have always associated themselves with

the nation through the ups and downs of history. They always sided with their fatherland during the past struggle against foreign aggression. To the Vietnamese people, Buddhism is not just a religion but a component of the traditional folk culture.

At present, certain individual Buddhist monks have taken advantage of the government's policy on freedom of religion in an attempt to incite disturbances to sabotage the universal unity bloc and oppose the people's administration. They would resort to any sabotage, including collusion with some renowned overseas reactionary Vietnamese, to make trouble and sabotage Vietnam's renovation process. It is clear that they are taking advantage of religion to carry out political activities. Their actions are against the law.

Once again we totally reject the slanderous allegations against Vietnam regarding the persecution of Buddhism. We would like to tell the truth about a number of cases involving Buddhist monks who are Vietnamese citizens and whose actions have violated Vietnamese law:

1. Regarding the case of Citizen Dang Phuc Tue, also known as Thich Quang Do, who was arrested for inciting disturbances and violating Vietnamese law, he will be tried in accordance with Vietnamese law. This will be the trial of a lawbreaking Vietnamese citizen and not the trial of a monk. This reflects the justice of law and ensures the equality of citizens before the law as stipulated in the SRV Constitution.

2. Regarding the case of Citizen Le Dinh Nhan, also known as Thich Huyen Quang, let us clarify that he was never missing. Because he often caused inconvenience to other monks in his pagoda and to the local people, the monks and novices and the local people asked the administration to transfer him to another monastery to put an end to this situation. At present, he is practicing his monkhood at the Quang Phuoc Pagoda in Nghia Hanh District, Quang Ngai Province.

Vo Van Kiet Addresses News Conference

BK2601121895 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 25 Jan 95

[FBIS Translated Text] You are invited to listen to a report by Vietnam radio correspondent Dinh Khai on the new year's news conference held by the Government Office this afternoon in Hanoi:

Dear friends: Amid the warm atmosphere of the new year and the busy activities in anticipation of the At Hoi [Year of the Pig] Tet, Prime Minister Vo Van Kiet attended and talked to reporters at the news conference. Also attending the function were directors general and directors of departments, editors-in-chief of newspapers, and reporters from mass media agencies at the central level and from the northern provinces. This is the Government Office's second new year news conference, following one held recently with reporters from the southern provinces.

To begin the news conference, Comrade Le Xuan Trinh, minister and head of the Government Office, briefed reporters on the results of the recent visit to Vietnam by Cambodian First Prime Minister Ranariddh.

He then stressed the current price situation and measures taken by the government to stabilize prices prior to and after Tet. Regarding the cause of the high price of some commodities in recent days, Minister Le Xuan Trinh asserted that supplies of merchandise and agricultural and food products are abundant. The consequences of the severe flood last year, however, have created a psychological feeling among the people that they need to store goods, especially in the northern region. As a result, the supply and transportation of agricultural and food products has been affected. Moreover, the people's lives have improved, thus increasing their purchasing power, while the price of commodities has increased on the world market, thereby affecting domestic prices.

In view of this situation, the government has taken positive measures to stabilize commodity prices before and after Tet. These include measures to ship more rice from the south to the north, sell a portion of the national reserve rice, provide funds to stabilize the price of food, and create favorable conditions for the transportation of agricultural and food products. The government also asked state agencies to stop giving cash awards of more than 500,000 dong at a time to individuals prior to Tet while urging cadres and state employees to practice thrift. A number of consumer goods will be imported with the aim of promptly meeting popular demand and so forth.

With the government taking these positive measures, it is believed that market prices will be stabilized during Tet and that the artificial price fever affecting the people's daily lives will dissipate.

Minister Le Xuan Trinh also stressed the determination of the government and various provinces to implement strictly the directive banning the production, trade, and use of firecrackers throughout the country. The government hopes that every citizen, in upholding a peaceful family life, promoting a law-abiding lifestyle, and maintaining social order and discipline, will continue to implement the directive on banning firecrackers in a satisfactory manner during the forthcoming Tet.

Regarding the measures to deal with encroachment in areas of the Red River, the minister said the government has sent a notice asking the Hanoi People's Committee and the Ministry of Water Conservancy to take drastic action against those involved and carry out their duty to investigate, stop illegal construction projects, and set up steering committee to study and control encroachment in areas of the Red River in Hanoi.

Dear friends, amid the warm atmosphere of the At Hoi Tet, Prime Minister Vo Van Kiet expressed his pleasure at meeting with reporters and wished the media better achievements in the national renovation process. The

prime minister profoundly analyzed the achievements of our party and people under the leadership of the esteemed and beloved Uncle Ho over the past 65 years. Although our nation still faces numerous difficulties and ordeals, these great achievements encourage us to assert our determination to lead the nation forward and make our people prosperous, our nation powerful, and our society equitable and civilized as stipulated in the party resolutions.

Speaking to reporters at the news conference, Prime Minister Vo Van Kiet said:

[Begin Vo Van Kiet recording] It can be said that in current daily life, your newspapers have become an information channel that is very important and cannot be overlooked by the government in making decisions and resolving various issues promptly and effectively. Thus I sincerely and highly commend your positive contributions. Thank you very much. I specifically welcome the comrade reporters who have wholeheartedly contributed to promoting the implementation of party lines and policies; positively supported the renovation undertaking; and unswervingly struggled against negativism, social vices, and other erroneous acts in society. Noteworthy is that many newspapers have become economic, political, and social forums that are beneficial to the people's interests. These newspapers have been closely monitoring various issues of concern to our people in the process of accelerating our national development. I hope our nation's newspapers will increasingly present useful information for their readers, participate in formulating measures to resolve issues in daily life, effectively contribute to enhancing the people's intelligence, promote the new lifestyle, and maintain the quintessence of our national characteristics. It can be said that you have done a good job in this regard. I wish you even greater achievements along this progressive path. [end recording]

Dear friends, Prime Minister Vo Van Kiet also reminded the reporters of a number of issues related to our media realities:

[Begin Vo Van Kiet recording] First, I would like to say that the media as well as the government should draw lessons regarding their strong and weak points as the year ends. I think this will provide you, Comrades, with the chance to draw on experiences in your work over the past year.

I think there are issues that we must pay more attention to; we must be objective in expressing our ideas, especially on certain issues. This means we must truly work hard; firmly grasp the situation; and uphold a high sense of responsibility, especially in news reporting. We must strive to avoid the tendency toward irresponsibility, presenting sensational and inaccurate news to attract readers, or writing articles upon request to serve one group or another. It is regrettable that there were some articles like this over the past year.

Another thing I would like to say is that we should strive to avoid the tendency of commercializing the media by presenting news and articles that incite the people's curiosity or printing photos aimed at attracting readers. This will only increase the number of ordinary readers while failing to carry out the media's responsibility of contributing to building and developing the contingent of higher-level readers with analytical minds.

It is necessary to oppose the tendency of promoting freedom of the press at the cost of neglecting social order and discipline; causing disturbances in society; or taking advantage of the media to propagate bad practices, hostility, or a debauched lifestyle. It can be said that we currently have many newspapers. As a result, we must pay special attention to the advertising issue in the press. In protecting the national interest, the press must be more effective and maintain a higher capability to motivate people on various complicated issues; for example, in our foreign activities we currently face the issues of democracy, human rights, and other political problems. The press has a duty to help enrich readers' knowledge. Given that our nation has participated in the struggle against erroneous concepts and interference by foreign countries on these issues, newspapers must positively participate in this struggle as well.

Another thing I want to say is that we must pay special attention to promoting new factors; new and progressive models to accelerate our nation's development process. Concerning the erroneous acts taking place among our people, we must strive to explain these practices and motivate the people to overcome them. We must formulate decisive measures to deal with these acts against the lines and policies of the party and state and the interests of the people and nation. The media must be an effective apparatus to motivate the people to implement various important lines and policies of the party and state. They must be a sharp tool in the struggle to eliminate acts against these lines and policies. It is regrettable that certain newspaper articles do not reflect this duty. A case in point is articles regarding the banning of firecrackers. It is necessary to enhance our professional capability and our ability to grasp firmly the state laws as well as the lines and policies of our party and state and promote acts to make our nation prosperous.

These are the most important points for enhancing the quality of newspaper articles and our mass communications. [end recording]

Dear friends, during this cordial news conference a number of journalists expressed their gratitude to the government and Prime Minister Vo Van Kiet for their special attention to guiding the tasks of the media during the past period. They pledged that they will continue to strive to enhance the quality of Vietnamese newspapers

to contribute positively to accelerating the process of national construction in the new stage.

Amid the friendly atmosphere, some journalists frankly raised issues facing their newspapers and expressed the hope that the prime minister will continue to pay attention and provide them with assistance to overcome these issues, thereby creating favorable conditions for their newspapers to develop their role and activities in the present stage.

Visit by ASEAN Economic Delegation Welcomed

*BK2401142295 Hanoi Voice of Vietnam in English
1000 GMT 24 Jan 95*

[Station commentary]

[FBIS Transcribed Text] A high-level economic delegation from the ASEAN Secretariat and member countries has arrived for a five-day visit to Vietnam. Our radio comment:

The visit is to study the possibility of Vietnam's participation in ASEAN development process. ASEAN member countries want Vietnam to take more part in political, economic, and cultural activities in the region. They hope that this year, when Vietnam becomes the full member of ASEAN, it will integrate into all regional activities. It is a positive idea and an important part of Vietnam's diplomatic activities. For this reason, Vietnam has constantly cultivated bilateral and multilateral cooperation with ASEAN member countries.

The most vivid expression is that Vietnam has officially signed the friendship and cooperative treaty; namely, the Bali Treaty. It has already been granted observer status of ASEAN meetings. Meanwhile, Vietnam's economic and trade cooperation with ASEAN has been raised to the same level as political cooperation. Last year, the proportion of ASEAN trade turnover rose in Vietnam's trade balance from 3.6 percent to 32 percent. Two-way trade turnover was \$1.3 billion in the first six months of 1994. So far, ASEAN countries have taken part in 147 projects in Vietnam with the total investment capital of \$1.43 billion, accounting to 14 percent of total foreign investment capital in Vietnam. Thirty-seven projects cover economic, trade, payment, credits, aviation, tourism, and cultural cooperation. With these activities, Vietnam shares Malaysian Prime Minister Mahathir's statement saying: Asia today was no longer of the past; Asia is now very dynamic and will have a dynamic future.

[Words indistinct] of the high-level economic delegation of ASEAN now on the visit to Vietnam is to [word indistinct] it will receive assurances from Vietnam to take part in ASEAN development process. These activities will be beneficial to both Vietnam and ASEAN.

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